Universal Robina

UPSTREAM EVOLUTION

ANNUAL
REPORT
2023

Upstream Evolution

Business is always in a state of flux. Like being on a river and alternating between wild rapids and peaceful downstream flows. Sometimes, business is smooth. Sometimes, it's a rush.

Sometimes, you're fighting for survival.

And while most companies would prefer positive cashflow leading to clear blue oceans, the truth is, business is often an upstream battle. Where the only way to get ahead is to make the hard but smart decision to fight the flow, jettison dead weight, and tactically surge through the challenges.

For us at Universal Robina Corporation, 2023 was a year of such challenges. Where inflation negatively impacted consumer habits, where global conflicts disturbed local economies and business. Yet as the challenges increased, so did URC's resolve to rise above the familiar onset of a business cycle riptide.

Aided by its agile and digital transformation, URC was able to streamline operations, engage in purposeful product management, and focus on brand and infrastructure development aimed at long term growth. In other words, we loosened our sails, thrust our oars into the tides, and strategically navigated to superior waters.

Some decisions were obvious and easy. Others were more difficult and tactical. But each was made with a dual intent: to transform 2023 into a positive year and guarantee a sustainable business for many years to come.

We celebrate huge progress on both fronts.

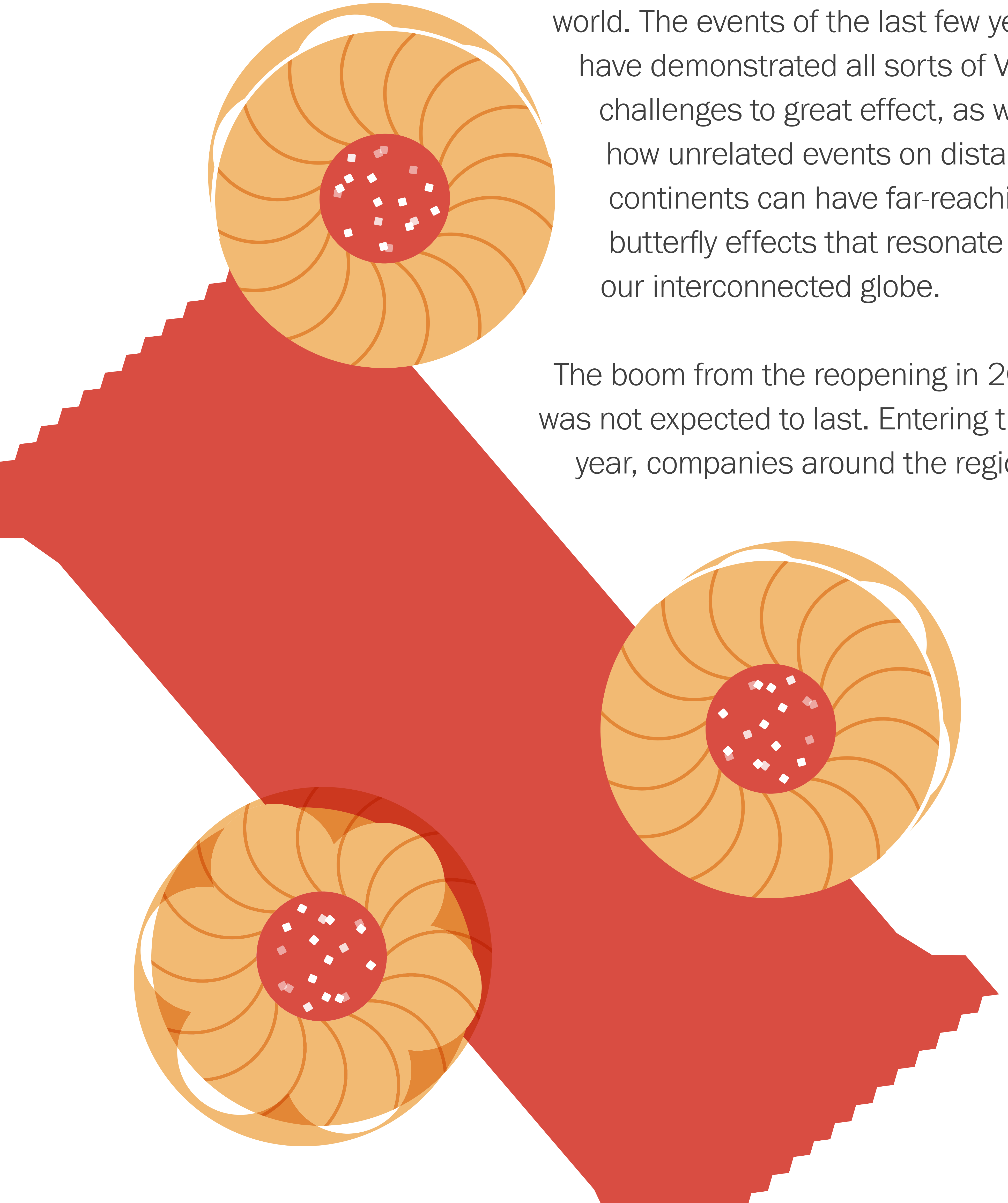
Some call this business adaptation. We call this upstream evolution. Purposefully heading into today's business challenges with an evolutionary mindset, to create a sustainable global enterprise, and provide great products to consumers as we journey together for years to come.

Table of Contents

04	Message from the Chairman
07	Message from the President and CEO
16	About URC
23	Special Features
29	Sustainability
34	Corporate Governance
55	BOD and Executive Officers
59	Directory
63	GRI Index
77	Financial Statements
213	Sustainability Report

Chairman's Message

> URC had to make tough choices and face some short-term pain, to ensure that our long-term growth would be sustainable and that our core foundation would be strong and resilient moving forward.



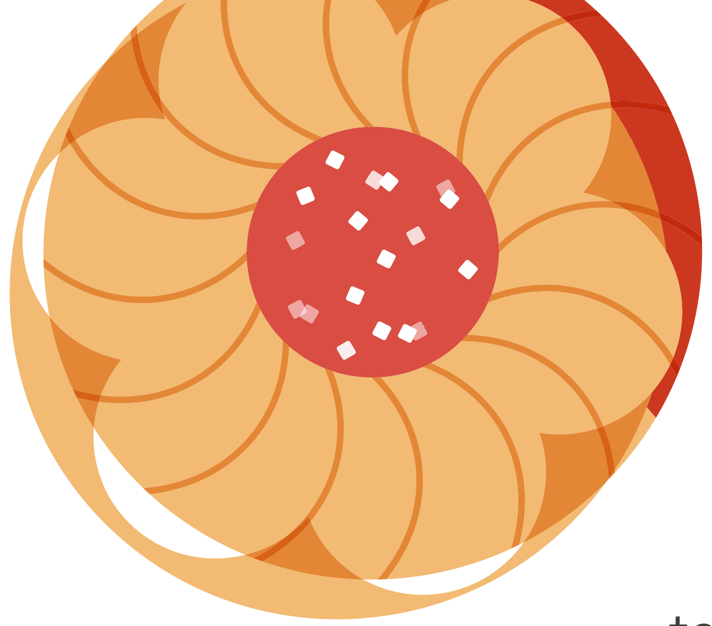
The US Army introduced the acronym “VUCA” almost 40 years ago to describe a more volatile, uncertain, complex, and ambiguous world. The events of the last few years have demonstrated all sorts of VUCA challenges to great effect, as we saw how unrelated events on distant continents can have far-reaching butterfly effects that resonate across our interconnected globe.

The boom from the reopening in 2022 was not expected to last. Entering that year, companies around the region saw significant optimism as pandemic controls were rescinded, mobility increased, and employment picked up. This was true not just in the Philippines, but throughout the developing world, where restrictions were harsher until the tail-end of 2021.

However, key input prices spiked due to the Russia-Ukraine conflict, country protectionism, and snarled supply chains being disentangled post-COVID. These in turn led to a rapid hyperinflationary environment, where surging costs began to swamp the wave of optimism. Most manufacturers felt the pain in their financials; URC definitely did, with the company’s cost base increasing by the tens of billions of pesos.

As such, the only feasible solution to moderate the surge was to increase prices. While operating savings continued to be delivered by the business units, much of the cost upcharges had to be passed on to our customers and consumers in the form of price increases, as we worked to keep our head above the rising tide of costs to ensure sustainability of the business.

As we entered 2023, we had to reflect on the direction the company would take. Our strong revenue growth from the prior year could not fully make up for shrinking margins, and while commodity prices were expected to trend downwards, a lot of volatility remained.



While I will let Irwin discuss our 2023 performance in his President's message, know that decisions were not made lightly. URC had to make tough choices and face some short-term pain, to ensure that our **long-term growth** would be **sustainable** and that our core foundation would be strong and resilient moving forward.

Sustainability is more critical than ever in this VUCA world. The "return to normalcy" has not yet materialized, and volatility remains. As of March 2024, Philippine inflation is still hovering at close to 4%, on the upper end of the targeted range. Geopolitical tensions continue to wreak havoc on key global commodities such as oil. Climate change is leading to poorer harvests, with previously reliable crops facing their own supply challenges.

As I write this, cocoa has more than tripled in price to breach US$10,000 per metric ton on fears of crop failure in West Africa. Robusta coffee has reached historic highs on leaner harvests out of Vietnam, as well as concerns on Arabica supply given extreme weather conditions. And closer to home, the Philippines annual sugar output was below 2 million tons for the 3rd straight year, as high temperatures due to El Niño have impacted sugarcane yields and quantity.

All of these have further highlighted that URC's choice to **focus on sustainable growth** will be the key to long-term success.

It is apt that this is the year we are now transitioning our annual report into an integrated report, which includes the various ESG metrics we track. We have previously published standalone sustainability reports in the past (most recently in 2022), while also submitting data annually to the Philippine SEC. We now look forward to combining this with our yearly annual report, so we can share our progress on key focus areas that we believe are critical for our sustainable transformation.

VUCA may become the "new normal" for our dynamic world from now on. But strong, sustainable companies such as URC will succeed thanks to the resiliency of their people. Guided by our Purpose, Values, and Ambition, our employees continue to strive to make the company a sustainable global enterprise of world-class talent, as we delight everyone with good food choices. This mission has not changed, no matter the environment, and for that I give thanks to my extended family of 13,171 URC employees.
I look forward to the great things the company will accomplish in service of our customers, consumers, and communities.

Maraming salamat po.

Lance Y. Gokongwei
Chairman

Message from the President and CEO

To our valued Shareholders,

In my six years at Universal Robina Corporation, the last four have presented challenges unlike anything else in our storied history.

2020 to 2022 – the pandemic years – were a stark revelation of who we are, our values, and ability to rise to the occasion.

2023, with its attendant difficulties, brought into focus our ability to strategize, innovate, and adapt to trouble and change.

I write this message as we tackle inflation and consumer confidence. Such challenges are not alien to companies of our scope and size. The key, as with any challenge, is to respond with precision and determination, which have allowed us to find ways to continue URC's growth.

Meanwhile, against this backdrop of global uncertainty, we have found ways to make URC thrive.

Yes, we've been battling unpredictable currents. The Philippines and many of our ASEAN markets have been wracked by inflation. Consumers have responded by spending less, significantly impacting local and regional business.

This, coupled with early difficulties posed by a complex system enhancement, plus the demands of warehouse improvements, created several high-pressure challenges in 2023 that tested our ability to reconfigure and adapt.

And yet here we are, surging upstream.

A combination of inspired portfolio management and pricing initiatives has allowed us to cope with inflationary pressures and grow our business.

Our commitment to technological transformation has kept us focused on the future, undistracted by present difficulties.

Creative decision-making, both easy and difficult, as well as strategic and tactical, were made with dual intent: to transform 2023 into a positive year and guarantee a sustainable business for many years to come.

In short, by adopting an evolutionary mindset and adapting to our situation, URC has weathered another challenging year, and I am pleased to report the results.

> "Adopting an evolutionary mindset and adapting to our situation, URC has weathered another challenging year.

Business Review

In 2023, URC closed the calendar year with a notable topline of Php158.4 billion, marking a 6% increase over the previous year's robust growth of 28%.

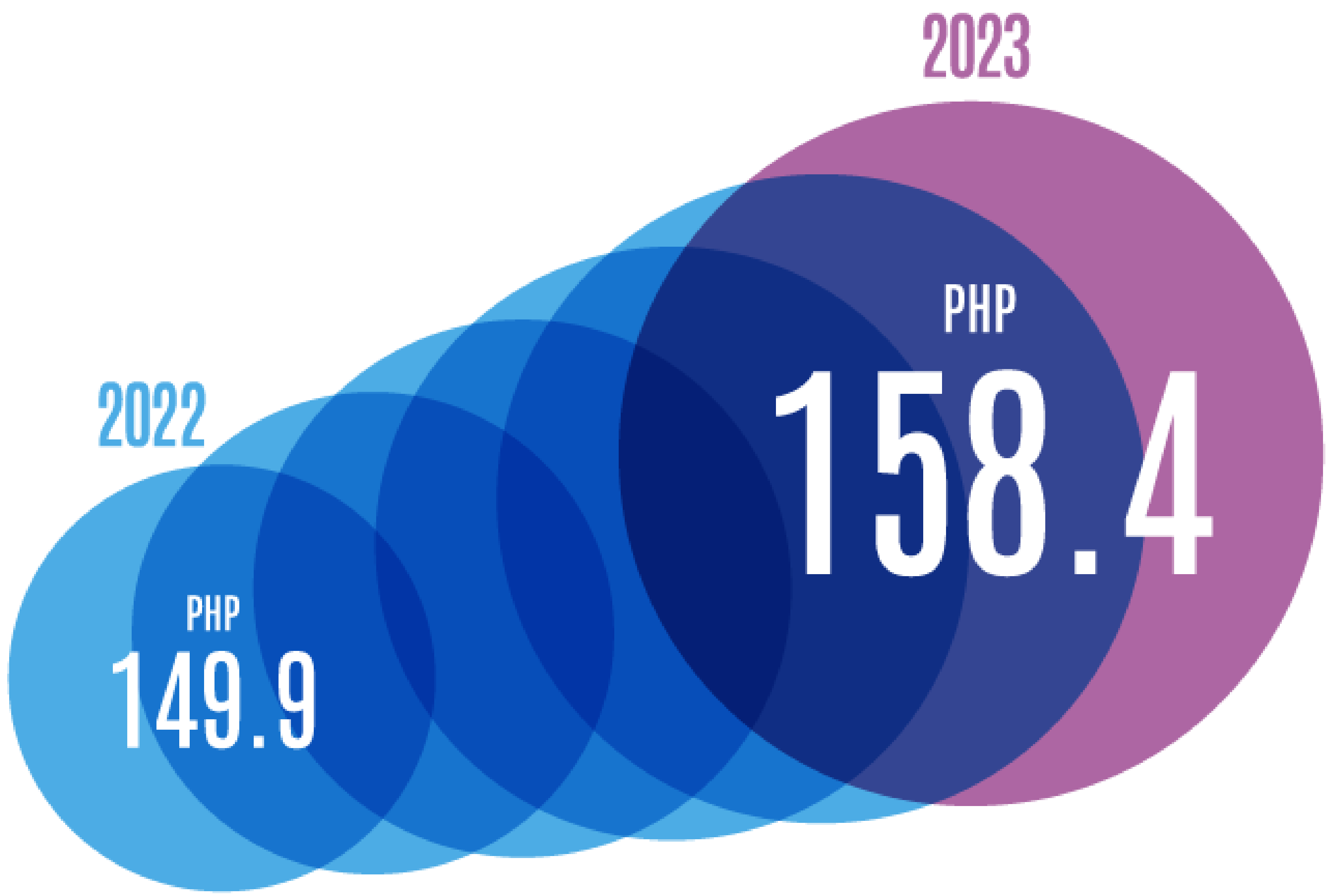
Our operating income saw substantial growth, reaching Php17.4 billion, up 14% on top of 2022's 20% profit growth. Bottomline continues to significantly outpace topline growth, with all divisions accelerating margin recovery.

Throughout the year, our Fuel for Growth program exceeded expectations, surpassing initial targets for operational efficiencies and cost savings, thereby enhancing our margins.

Despite a challenging economic environment characterized by persistent high inflation and fluctuating input prices, we maintained resilience and delivered strong top and bottom-line performances.

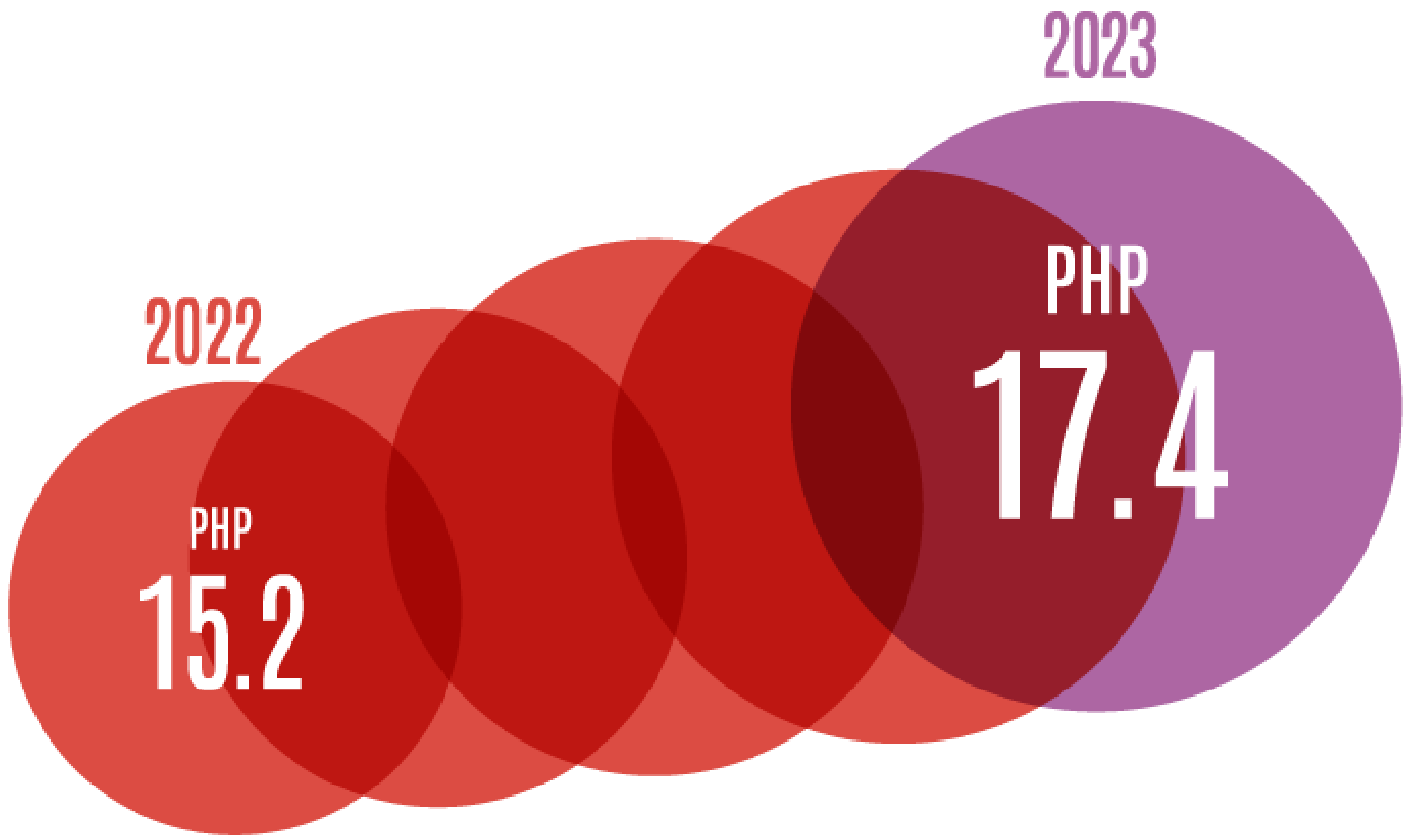
Net Sales

In PHP Billions



Operating Income

In PHP Billions



Divisional Performance

Branded Consumer Foods (BCF) Philippines experienced a steady 3% growth compared to the previous year. We saw positive trends across various categories, particularly in Snacks and Ready-to-Drink beverages, which contributed to our overall growth.

Our operating income outpaced topline growth, increasing by 4% over the year. This growth was driven by strategic pricing adjustments and efficiency measures in our operations. These initiatives not only bolstered our brands but also helped us counterbalance costs.

By reinvesting in our business, we aim to further fortify our brands and ensure sustainable growth in the future.

Turning to BCF International, we've seen a 2% growth in sales compared to the same period last year, measured in peso terms.

Despite challenges in the consumer landscape, our core operations in Vietnam and Malaysia have shown strong growth. Additionally, Thailand and Indonesia have successfully rebounded from earlier challenges, experiencing growth in the fourth quarter compared to the same period last year and showing sequential improvement.

Our profitability has been particularly noteworthy, surpassing our sales growth with a remarkable increase of 26% compared to the same period last year. As a result, our operating margins have expanded to reach 10% for the full year, marking the first time we've achieved double-digit margins since 2019.

This demonstrates the resilience and efficiency of our international business despite market fluctuations and challenges.

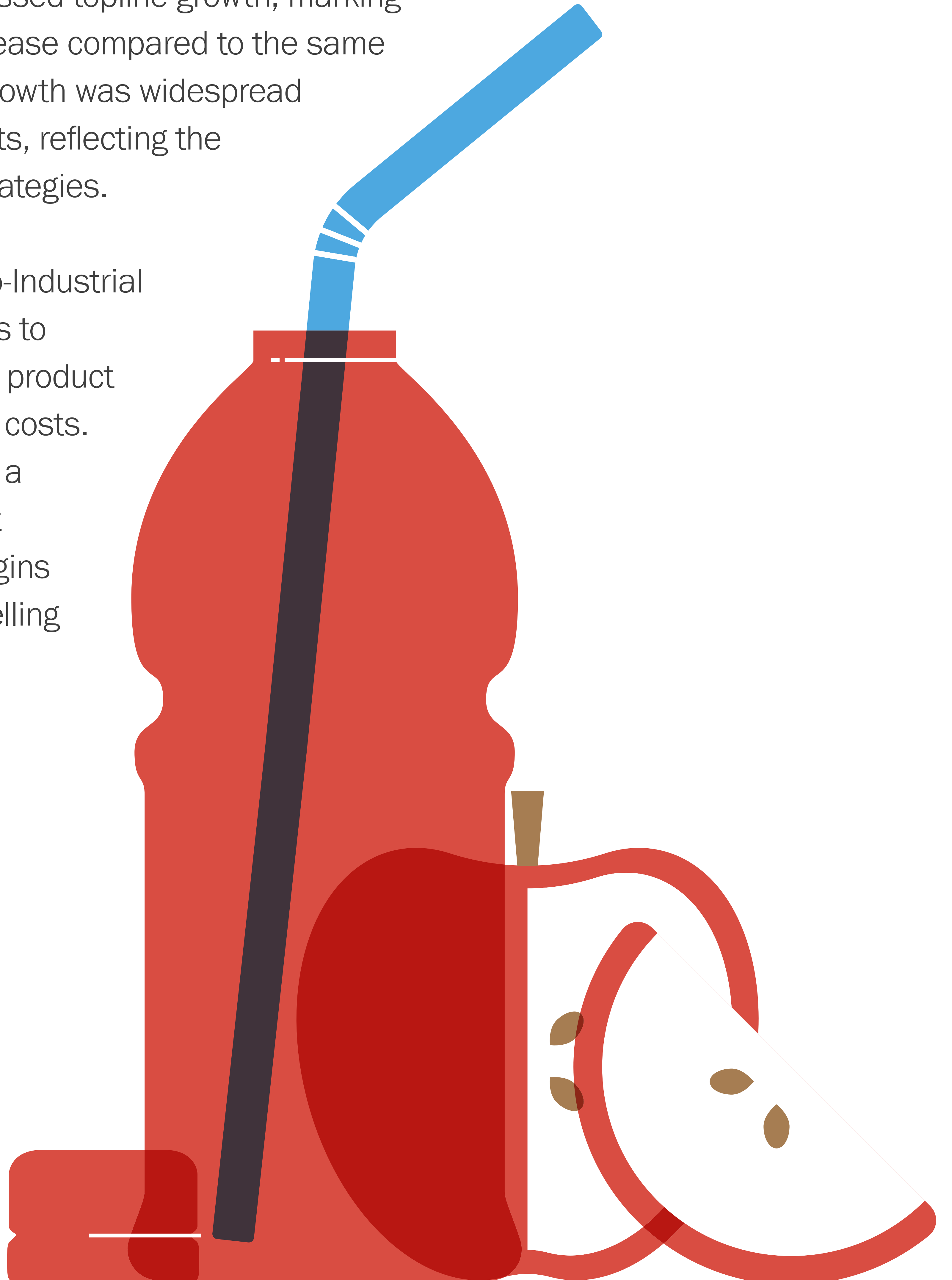
Wrapping up our business unit reviews, our Agro-Industrial and Commodities (AIC) division has maintained impressive double-digit growth across its three core businesses.

Within our Agro-Industrial Group (AIG), strong performance was driven by significant volume and value growth, particularly in animal feeds and pet foods.

Meanwhile, our Commodities businesses have sustained their upward trajectory, with volumes expanding in Flour and market shares increasing in Sugar and Renewables.

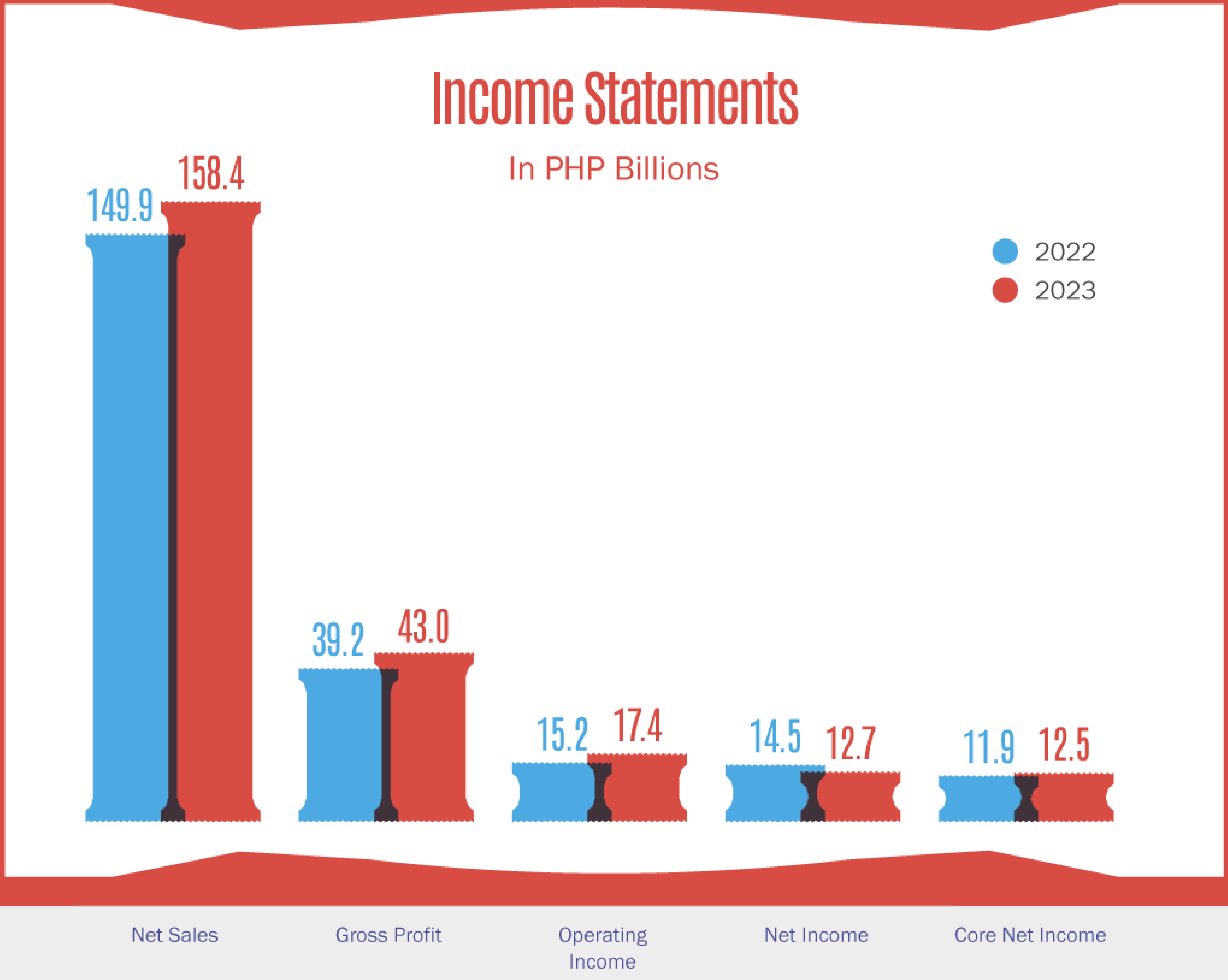
Consistent with our other units, operating income for the AIC group surpassed topline growth, marking a substantial 20% increase compared to the same period last year. This growth was widespread across all business units, reflecting the effectiveness of our strategies.

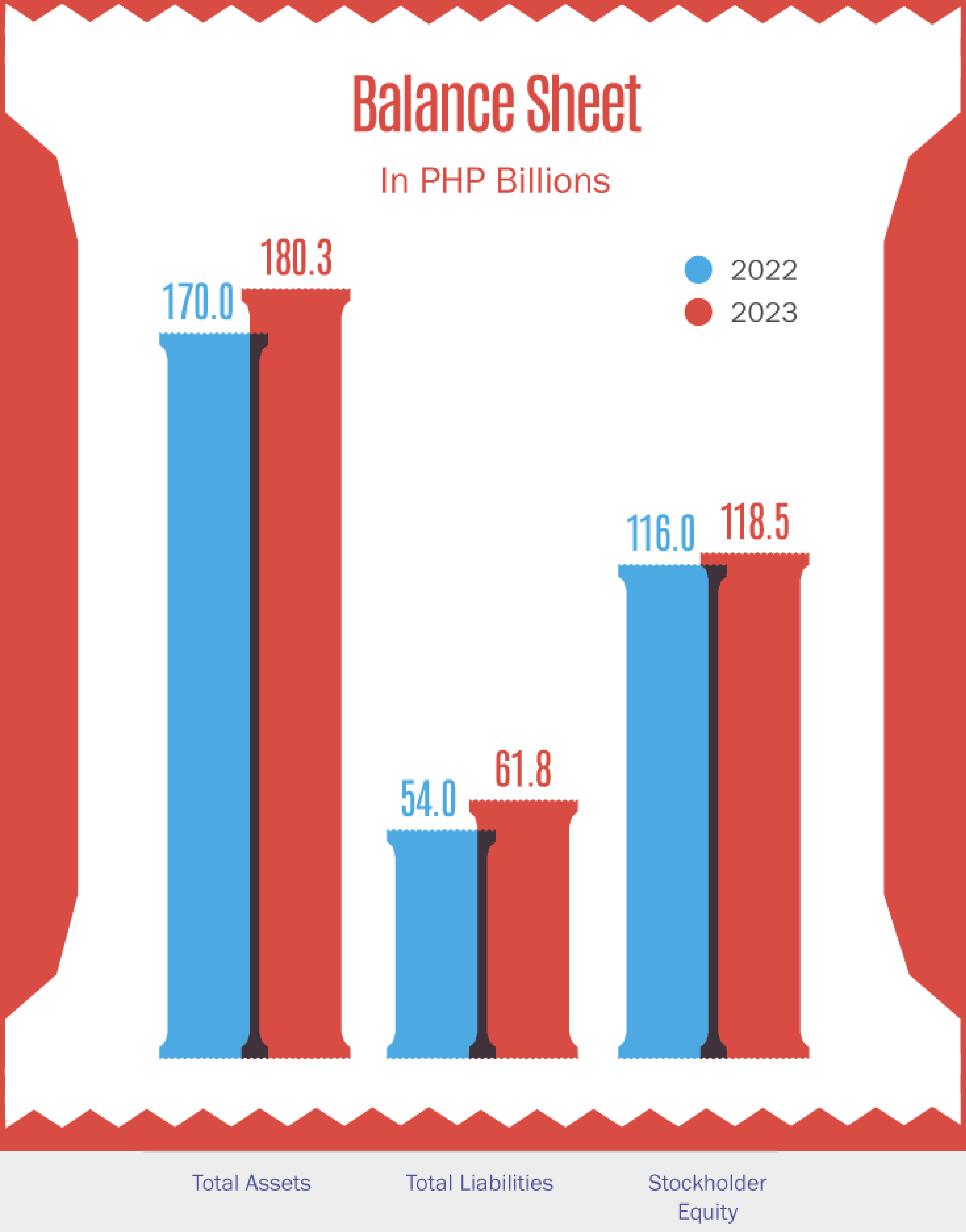
Margins within the Agro-Industrial Group expanded thanks to improvements in scale, product mix, and reduced input costs. Flour margins also saw a boost from lower wheat costs, while Sugar margins began to stabilize as selling prices normalized.



Financial Highlights

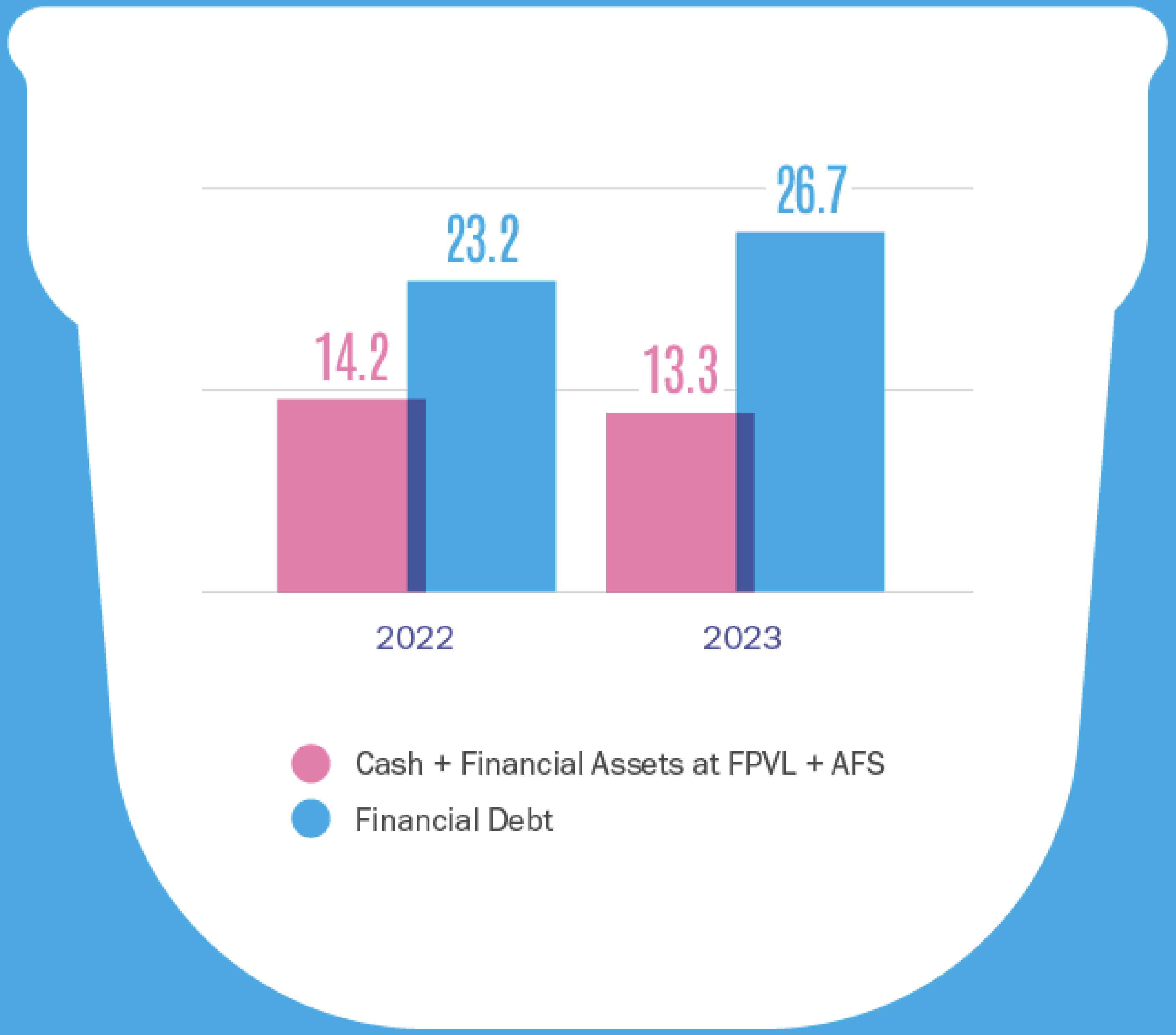
2023





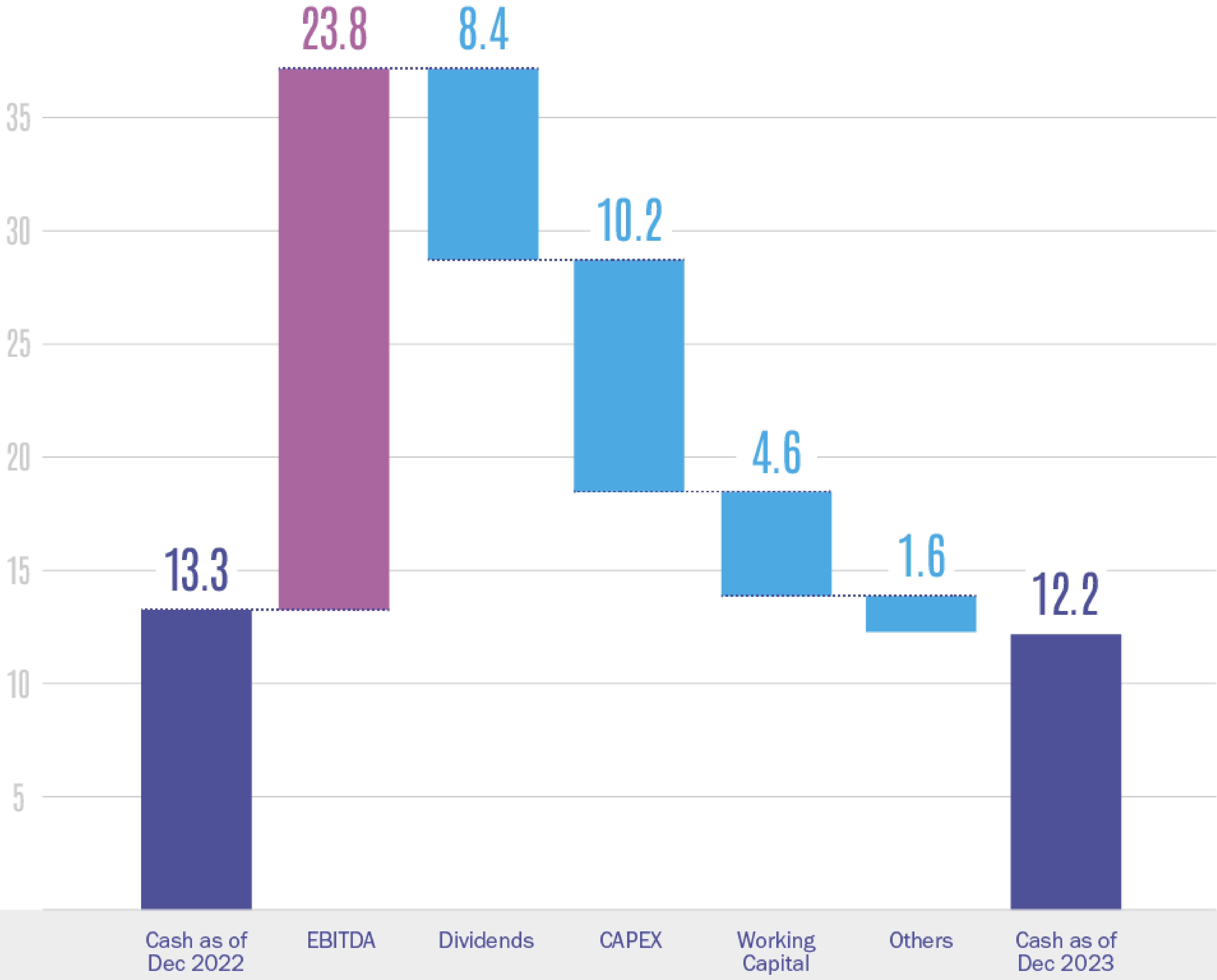
Cash and Financial Debt

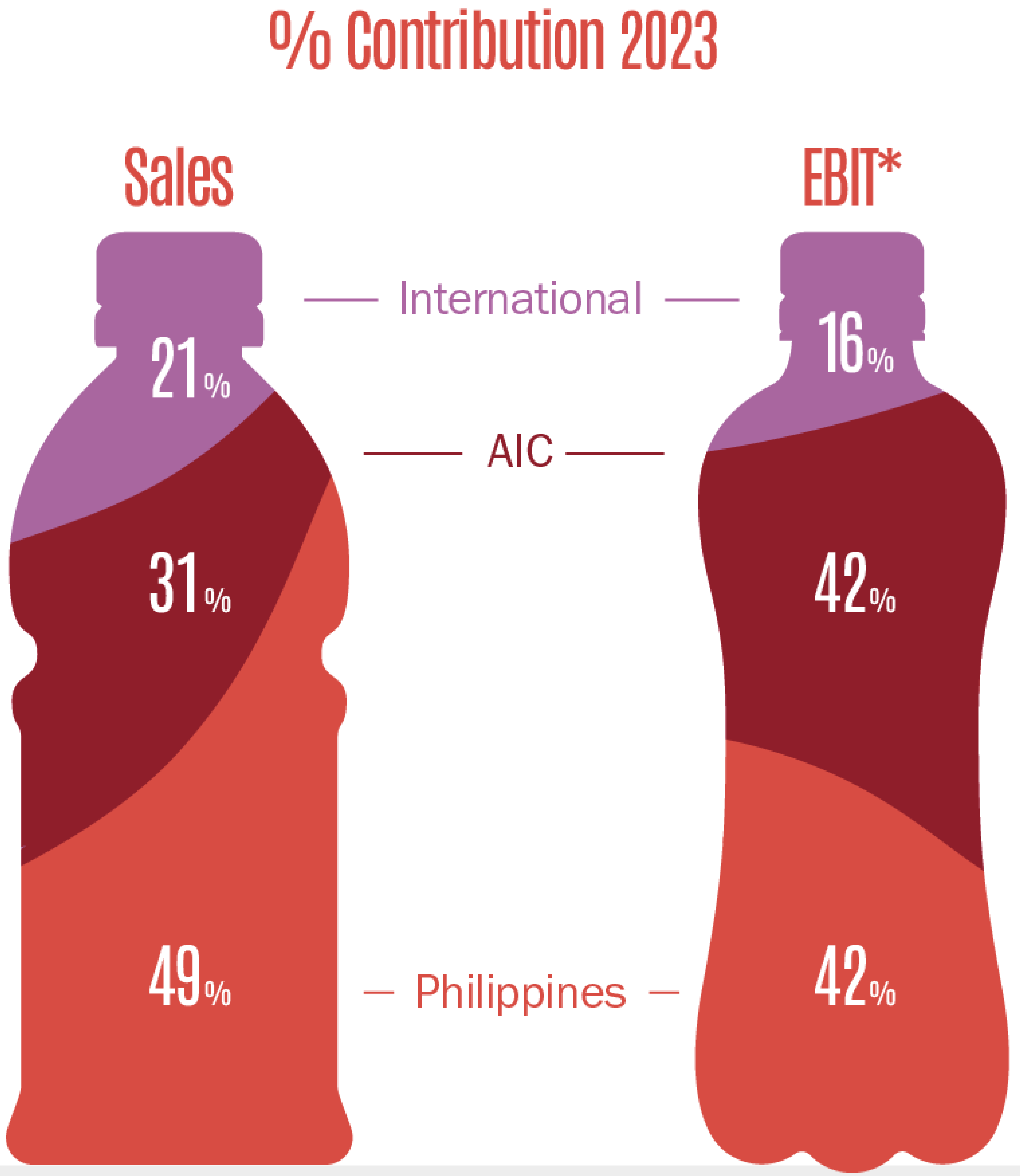
In PHP Billions



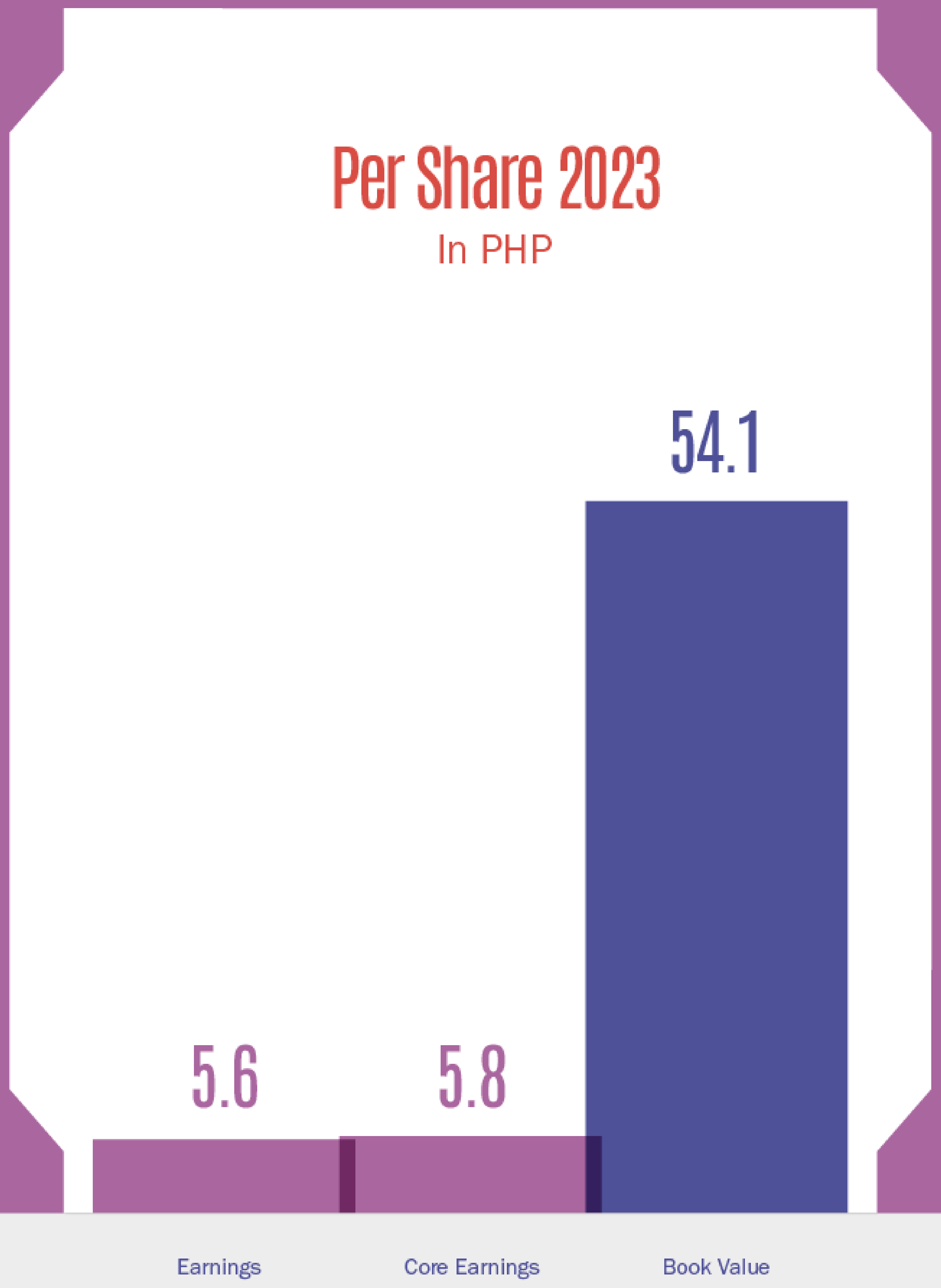
Cash Position

In PHP Billions





*Excludes corporate expenses



“One of the great joys of leading URC is watching how we launch exciting new products to address shifting consumer habits and tastes.

Other Updates

One of the great joys of leading URC is watching how we launch exciting new products to address shifting consumer habits and tastes.

In 2023 we released a variety of offerings, including *Great Taste Cream-O* and *Dewberry Yogurt Cake*. As the names suggest, these products blend our most popular brands into “super brands”, generating fresh consumer interest and unexplored markets.

We also launched healthier products to address the growing demand for nutritious offerings (*Jack ‘n Jill Nova Greens; Blend 45 Malunggay*) and intriguing, limited edition products (*Piattos Truffle Cream, Presto Premium*).

These and other products leveraged our most beloved brands, giving customers dynamic new choices, and more reasons to love URC.

On Regulation and Sustainability

We always pay attention to emerging regulatory trends outside of Asia, as they often influence Philippine policy; this outside-looking viewpoint allows us to upgrade our portfolio accordingly, well ahead of any required regulations. Our two-pronged internal wellness program, *risk reduction* and *enhanced wellness*, guides us in how we respond to such policy developments, particularly in health and well-being.

Several URC products have benefited greatly from this program, undergoing adjustments in ingredients and formulation, to satisfy the demand for enhanced, forward-thinking products.

Key to this is our commitment to reaching our sustainability targets. Our focus on six key areas remain the same: People and Communities, Climate Action, Water, Product, Packaging, and Sourcing, all of which align with UN Sustainable Development Goals.

Every decision we make at the company is filtered through one or more of these lenses.

Whether it's refining our product portfolio, packaging, and sourcing to meet higher sustainability standards, or improving local living conditions, enhancing water usage protocols, and reducing our carbon footprint, we work with a mindfulness that brings out the best in our people and planet. A particularly proud moment for us in 2023 was when URC won two awards at the inaugural ESG Business Awards, held in Singapore last November.

The **Job Creation award** was bestowed on *Flourish Pilipinas: The CEO Initiative*, URC's learning enhancement competition that awarded six young bakers with generous start-up packages. *Flourish Pilipinas* is an important part of URC's drive to support a new wave of CEOs leading their own baking businesses.

Meanwhile, *Project LTE (Laminates to Energy)*, URC's first waste co-processing initiative, won the **Industry Energy Efficiency award**. This was in recognition of our shift to a more sustainable plastic waste management system, which saw hundreds of tons of waste directed to co-processing plants instead of landfills.

Adapting for a Sustainable Future

Good business discipline involves adaptability, a willingness to evolve and modify one's approach during unpredictable times. URC has proven, in 2023, that this is the way to thrive in an ever-changing world.

It also helps to remember that we are closer to being a fully sustainable global enterprise. We've always talked about being in transition between what we are today and what we hope to be tomorrow. But as the facts and awards bear witness, we are making great progress in our sustainability journey.

We're continuously setting talented people and processes in place to streamline operations and strengthen our organizational capability.

By prioritizing our system transition, we've made strides in future-proofing our business, knowing that tomorrow's success depends on how we innovate and prepare today.

Meanwhile, by implementing price initiatives and launching new products to address changes in consumer buying habits, we've been able to strengthen our financial cash position and enhance our business.

This is how we've managed the turbulence of global markets, by being both a proficient and adaptive company. And as we have demonstrated in 2023, URC's core values, multi-pronged strategies, commitment to tech evolution, and sheer determination, have kept us coursing upstream.

We are deeply grateful for your continued trust, support, and belief in what we do at URC.

Irwin C. Lee
President and
Chief Executive Officer


JACK'N JILL
CHIZ CURLS
CHEESE FLAVORED CORN CURLS
NET WT. 1.94 oz (55g)
Dewberry
Blueberries 'n Cream
potato Chips
Vcut
TEAR HERE
Piattos
SOUR CREAM & ONION
Flavored Potato Crisps
Potato Chips
Classic
PLAIN SALTED FLAVOR
Presto

About URC

Business Highlights

Universal Robina Corporation (URC) is one of the largest branded consumer food and beverage product companies in the Philippines. Founded in 1954 by Mr. John Gokongwei, Jr., URC has pioneered brands of exceptional quality for over 65 years.

Today, the company aims to become a sustainable global enterprise with the purpose of delighting its customers with good food choices.

URC's diverse portfolio and expansive geographic footprint have enabled the company to gain market leadership across various product categories in the Philippines and its key markets in the ASEAN. URC's food and beverage brands have consistently been among the most chosen in the region. It is recognized as the market leader in the snacks, candies, chocolates, and ready-to-drink (RTD) tea categories in the Philippines. It is also one of the top three players in biscuits, powdered coffee, and noodles. In the ASEAN region, the company maintains a strong position in biscuits and wafers in Thailand, RTD tea in Vietnam, and biscuits in Malaysia.

6%
Net Sales Growth
PHP 158.4 billion
in CY 2023

The company's Agro-Industrial & Commodities businesses are also prominent players in their respective industries, with URC Sugar and Renewables as the biggest sugar miller in the country and URC Flour as one of the top three flour millers in the Philippines. The Animal Feeds segment of the Agro-Industrial Group has also grown tremendously with its Uno and Supremo banner brands, while Top Breed is one of the fastest-growing pet food brands in the country's dry dog food category.

All of these wins resulted from the company's continued pursuit of providing value-for-money products, healthy food choices, and giving consumers an overall delightful customer experience. URC is determined to strengthen its existing ventures while identifying new progressive routes in the business to retain our competitive edge and continuously meet consumer expectations and needs in the years to come.

BRAND ARCHITECTURE

Branded Consumer Foods (BCF)

BCF is recognized for being our largest business segment. It is comprised of strong household brands from the snack foods and beverages. With a growing presence within the ASEAN markets, each category has grown to become a staple on every family's shopping list.

Snack Foods

Pouch Noodles
- Nissin
- Payless

Cup Noodles
- Nissin Cup Noodles

Pasta
- El Real

Candies
- Dynamite
- Lush
- Maxx
- X.O.

Cakes
- Quake
- Fun-O
- Dewberry Yogurt Cake
- Cream-O Cakewich
- Cream-O Cake Bar

Chocolates
- Cloud 9
- Hello!
- Nips
- Wiggles
- Tivoli
- Chooey

Biscuits
- Cream-O
- Fun-O
- Dewberry
- munchy's
- Magic
- Lexus
- Presto
- oat krunch
- Wafrets
- Muzic
- Lausanne
- Choco
- Tivoli
- Captain Munch
- knots
- Chocolate Pretzels

Snacks
- Calbee
- Jack'n Jill Calbee
- Piattos
- Chippy
- Pic-A
- Chiz Curls
- Potato Chips
- Mang Juan
- Roller Coaster
- Tostillas
- Mr. Chips
- Granny Goose Tortillos
- Nova
- Vcut
- Puff Corn
- Chikki
- Granny Goose Kkrrrunch!
- Jigs

Beverages

Chocolate
- Swiss Miss

Tea
- C2

Creamer
- Great Taste Cream All

Juice
- Refresh Flavored Drink

Coffee
- Blend 45 Kapeng Pinoy
- Great Taste

Water
- B'lue
- Refresh Mineral Water

RTD Coffee
- Great Taste Iced Coffee Drink

Plant-Based
- Vitasoy-URC Inc.

RTD Milk
- Cloud 9 Chocolate Milk Drink
- Cream-O

Energy Drink
- Rong Jo

Cultured Milk
- Goodday Cultured Milk Drink

Spiked Spirit
- chill Spiked Spirit

BRAND ARCHITECTURE

Agro-Industrial and Commodities (AIC)

This segment is a vertically integrated business comprising the Agro-industrial Group, Sugar and Renewables Group, and Flour. The AIC division is designed to complement the branded consumer foods business with its end products, namely sugar and flour.

Sugar and Renewables

- Raw Sugar
- Refined Sugar
- Molasses
- Bioethanol
- Power Export
- Liquid CO2
- Extra Neutral Alcohol
- Rectified Spirit

Flour

Cattleya Soft Flour, FibrA Cracked Wheat, Noodelicious Noodle Flour, Continental All-Purpose Flour, My Rose Soft Flour, Universal Flour, Sampaguita Soft Flour, Daisy Cake Flour, Blend 100 Flour, Globe, Titan Hard Flour, Oriental Lumpia Wrapper Flour

Bread

Baker John

Agro-industrial Group

Farms

ROBINA Farms SINCE 1956

- Commercial Table Eggs (Fresh & Specialty Eggs)
- Live Hogs, Fresh Carcass & Meat Cuts
- Processed Meats
- Ready to Eat

Feeds

Uno+, TopBreed, TopCat, Robina Hog Blend, Supremo Infinity, Robina Featherlines, Robina Layer Blend

Drugs and Disinfectants

ShamPooch, TopB+, BioSure, Coccibuster, Wormbuster, Microbe Fighter, Levomax, Robipenstrep, Spectrum, Shield+ Go Beyond Protection

Food Service

Robina Food Partners, Hidden Spring

Geographic Presence

Total URC Facilities

36 Branded Consumer Foods Group / Warehouse and Manufacturing

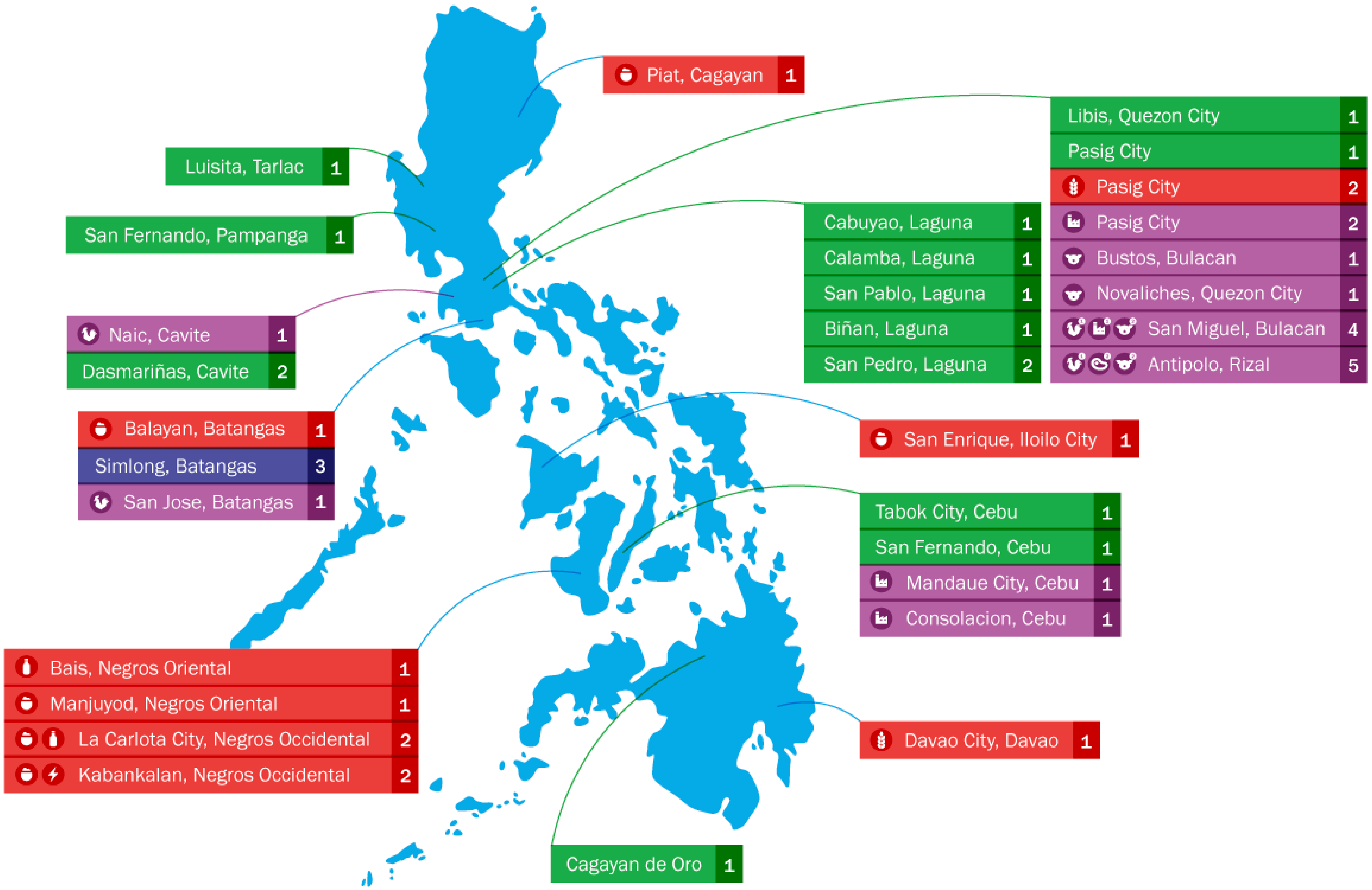
5 International Sales Offices / Exclusive Distribution Presence

17 Agro-Industrial Facilities

12 Commodity Foods Facilities

Geographic Presence

Philippines



18 Branded Consumer Foods Group / Warehouse and Manufacturing

17 Agro-Industrial Facilities

12 Commodity Foods Facilities

BOPP/Flexible Packaging Plant

Branded Consumer Foods Group

Agro-Industrial Group

- Feed Mill
- Piggery
- Poultry Farm
- Slaughterhouse

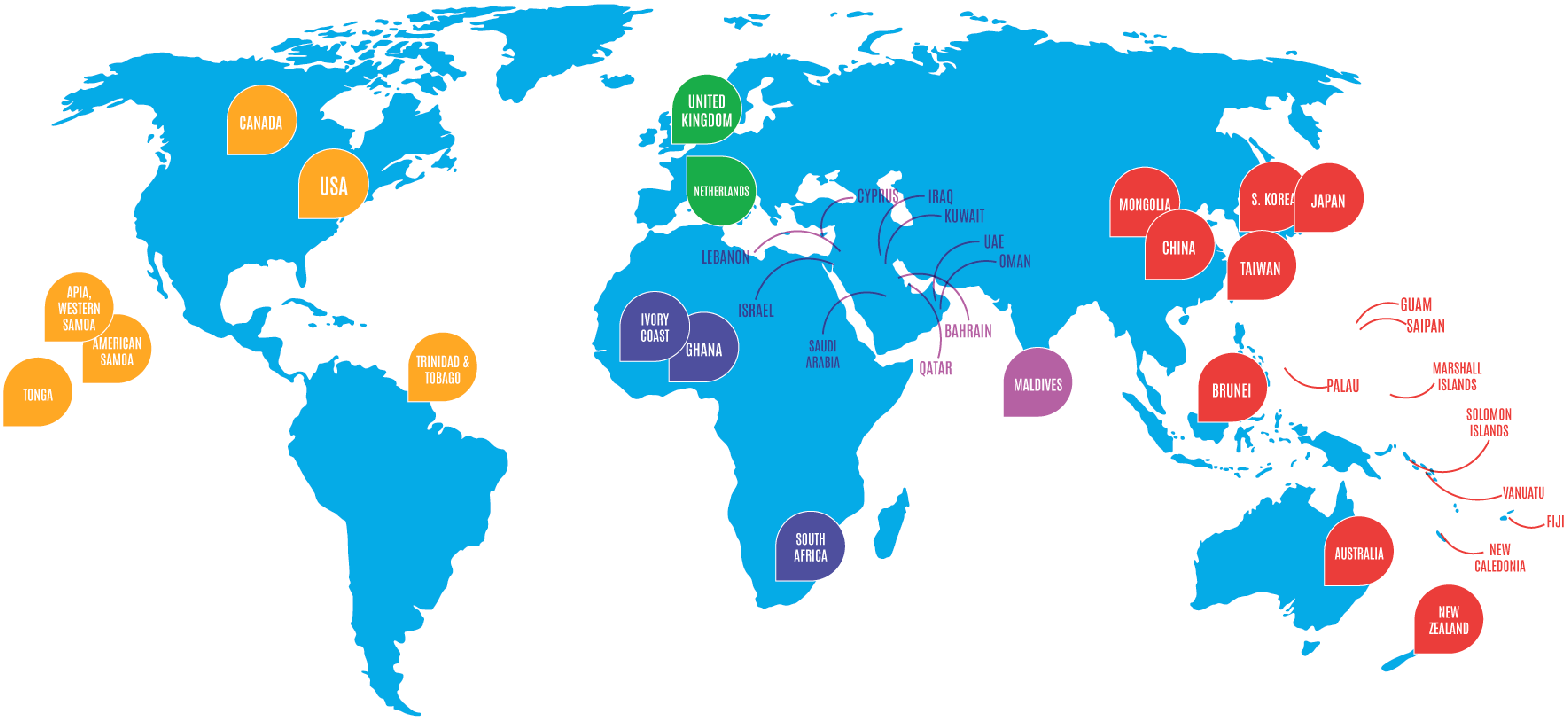
Commodity Foods Group

- Flour Mill
- Distillery Plant
- Sugar Mill
- Biomass-Fired Power Cogeneration Plant

Geographic Presence

Global Exports

Our Branded Consumer Foods' single global export team helped us introduce a diverse portfolio of high-quality products to customers in over 50 countries worldwide. The expansion helped us maximize sales resources and manufacturing capabilities while supporting our international distributors and retail partners. Together, we hope to break through to new markets and create more win-win opportunities for our network.



Special Features

Fuel for Growth Update

URC's Fuel for Growth program is, in simple terms, our initiative to further drive the business through operational cost savings, using some of these savings as fuel to propel growth.

We started in 2019 with our adoption of the LEAN Manufacturing system, with a goal to generate Php 1 billion in savings over the next 3 years (2019-2021), which we achieved handily.

This success motivated us to up the ante and expand our optimization efforts not just in manufacturing, but across our entire operations including our supply network and product portfolio. We set a new commitment in 2022 to reach Php 5 billion in savings over five years, or Php 1 billion a year. We called this new drive Fuel for Growth – and things have really taken off.

In 2022 we surpassed our target, achieving over Php 1.5 billion in savings. By 2023, we continued to exceed our targets, this time hitting Php 1.8 billion in savings.

In addition to cost savings, Fuel for Growth has had a ripple effect on our operations empowering teams. By investing in our people and exposing them to better trainings and tools, they've been able to collaborate, innovate, and increase productivity to tackle challenges and allow cost savings to expand and scale up.

In terms of procurement, we continue to explore new supplier opportunities, and seek cost-efficient alternatives while maintaining the quality standards our customers expect.

Advances in product formulation allow us to create new products at better costs, retaining – not sacrificing – our trademark product quality.

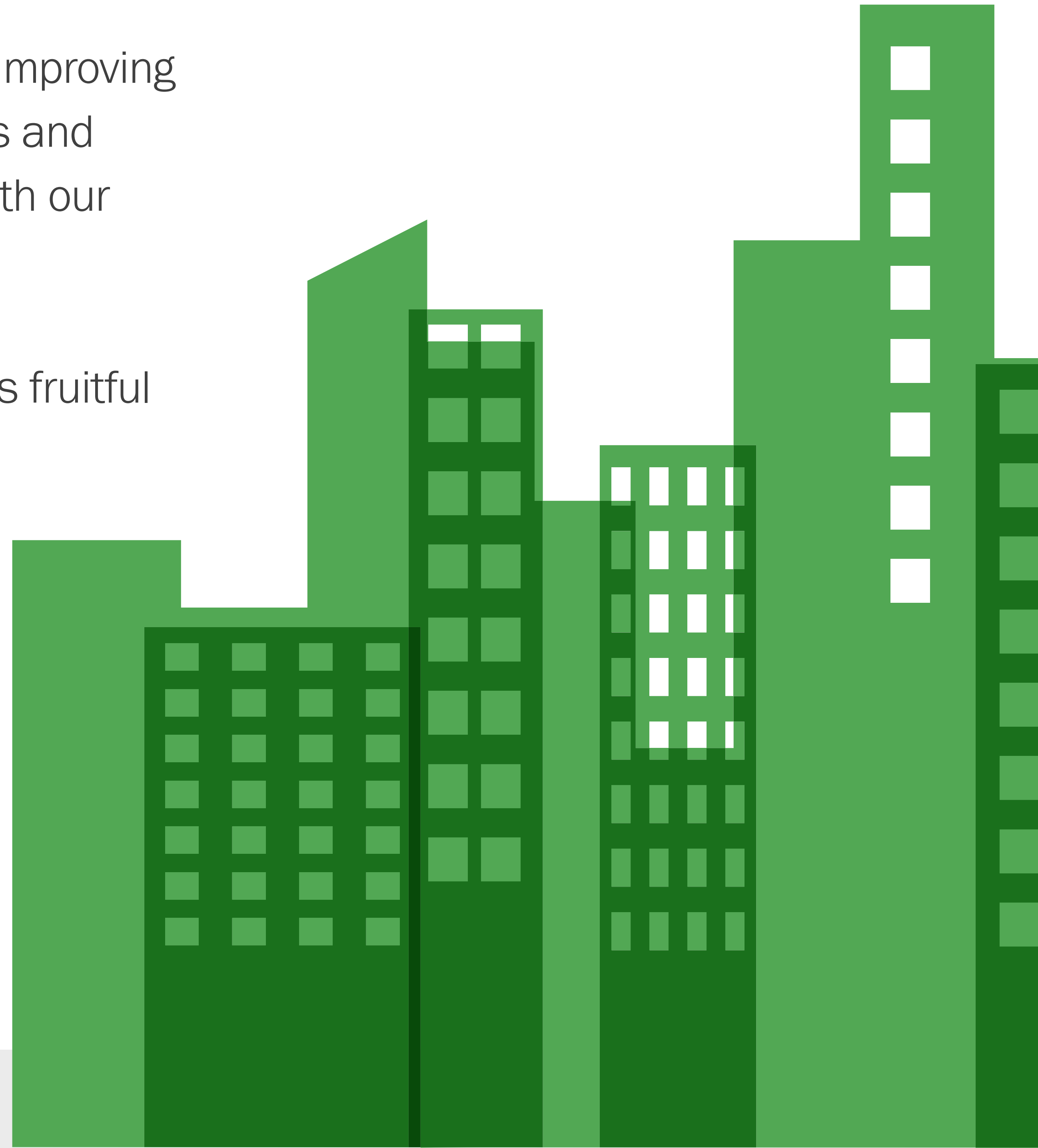
We also continue to embrace digital advancements to enhance customer experiences and optimize internal processes.

> "We've made significant strides in improving our efficiencies, managing material inputs and reducing variances – aligning perfectly with our Sustainability goals.

Our Supply Network Redesign roadmap will allow us to optimize our manufacturing footprint, and operations, ensuring that we continue to provide our customers with good quality products in a timely manner.

All told, we've made significant strides in improving our efficiencies, managing material inputs and reducing variances – aligning perfectly with our Sustainability goals.

We fully expect 2024 and beyond to be as fruitful and productive as we've presently experienced. If the recent results of our Fuel for Growth program are anything to go by, we're incredibly optimistic about what lies ahead.



Sustaining, Transformative, and Disruptive Innovations

URC is built on and sustained by collaboration, the magic of two or more parties sharing their strengths to create impressive, synergistic outcomes. This approach to business can be seen in our boardroom, our factories, and even in our products themselves.

Indeed, in 2023 we've worked hard to pursue fascinating new "partnerships" of taste, ingredients, and branding that have resulted in fresh and delicious concoctions. And how fitting that in a year of tough business challenges, we've been able to sharpen our collaborations, both within the company and in the products we've created in 2023 – to great effect.

The key actions here were to leverage major URC assets and combine them with other brands or flavors, then launch them in a series of fun and calibrated roll outs.

Our strategy worked. Enthusiastic consumer response led to stellar revenue gains, with new products from the last 3 years contributing to almost 9% of URC's total branded revenue for the full year.

Our strategy for new products is built upon two key ideas:

- **Consumers are excited by novel products**
- **There is tremendous equity in URC's flagship brands**

New Segments

Great things can come out of great collaborations. *Great Taste Coffee*, a historic, popular brand, was combined with *Cream-O*, another beloved URC product. The result was *Great Taste Cream-O*, a unique coffee-cookie mix with real cookie crumbles created for more enjoyable coffee breaktimes.

Dewberry, a popular cream and jam biscuit brand, was used to create a new product featuring fruit yogurt and soft cake elements, and positioned as a treat for all occasions. With *Dewberry Yogurt Cake* it proved to be another hit, expanding our presence in the cakes category.

Fascinating Flavors

Mang Juan, true to its promise of offering classic Pinoy snacks, launched *Kropek ni Mang Juan Spicy Fried Pusit*. This squid flavored snack has a light, crispy texture with just the right amount of spice, that every *Juan* will surely love.

Piattos, another leading snack brand in the URC family, also received some stately treatment with the release of *Piattos Truffle Cream*. As the name implies, *Piattos Truffle Cream* combined the rich, earthy truffle flavor with smooth, milky cream, making personal moments and everything you love more enjoyable.

On the confectionary side, *Nips Creamy Tiramisu* saw us marry *Nips*, a fun and colorful chocolate brand, with tiramisu, a premium Italian dessert. An unlikely pairing on paper, it proved otherwise in people's palates, where it scored points for its infusion of coffee-infused ladyfinger biscuits, creamy mix of eggs, cream, sugar, and mascarpone, and cocoa powder toppings. *Nips Creamy Tiramisu* is now a permanent fixture in URC's chocolate line up, expanding its consumer base.

Healthy and Whole

On the health front, URC launched *Jack 'n Jill Nova Greens*, a snack alternative made with healthy ingredients, including *malunggay* (moringa oleifera), aimed at health-conscious snackers. Nova Greens comes in two flavors: Nacho Cheese and Sweet Corn, infusing multi-grains and vegetables with delightful flavors, surely a tasty green snack on the go.

Another mixed offering aimed at the health-conscious coffee drinker was *Blend 45 Malunggay*, which combined our popular *Blend 45* coffee with the nutritious benefits of *malunggay*, Vitamin C and Zinc.

Mounting inflationary pressures throughout the Philippines meant that consumers chose to be prudent with their spending. By listening to this signal, URC was able to make bold, counter-stream decisions and create products that offered consumers more value and fun choices, truly making life more fun with Jack 'n Jill.

The result has been an increase in revenue, fruitful new brand collaborations, and the successful management of product mix.

"URC was able to make bold, counter-stream decisions and create products that offered consumers more value and fun choices, truly making life more fun with Jack 'n Jill.

Investments for Long Term Growth

An enduring company is one that not only anticipates and plans for the future, but actively seeks to nurture both its physical assets and human capital.

This has been a hallmark trait at URC, and particularly relevant in these turbulent, ever-evolving times.

This year, in keeping with our wider vision to create a sustainable business, URC has made several investments, including capacity expansions and the redesign of our supply chain network, to boost efficiency in our branded business and lay the groundwork for future expansion.

In Cebu, the construction of feed mills under our Agro-Industrial Group (AIG) is ongoing, with an expected commercial run by 2024. This is a huge leap for AIG, bolstering capacity and output for the growing animal feeds and pet food markets.

In Sariaya, Quezon, we've added assets and expanded our Flour facilities to strengthen capacity and support growth in the region. Commissioning will commence in the latter half of 2024.

Perhaps our biggest and most significant investments this year were made in Batangas, in south Luzon.

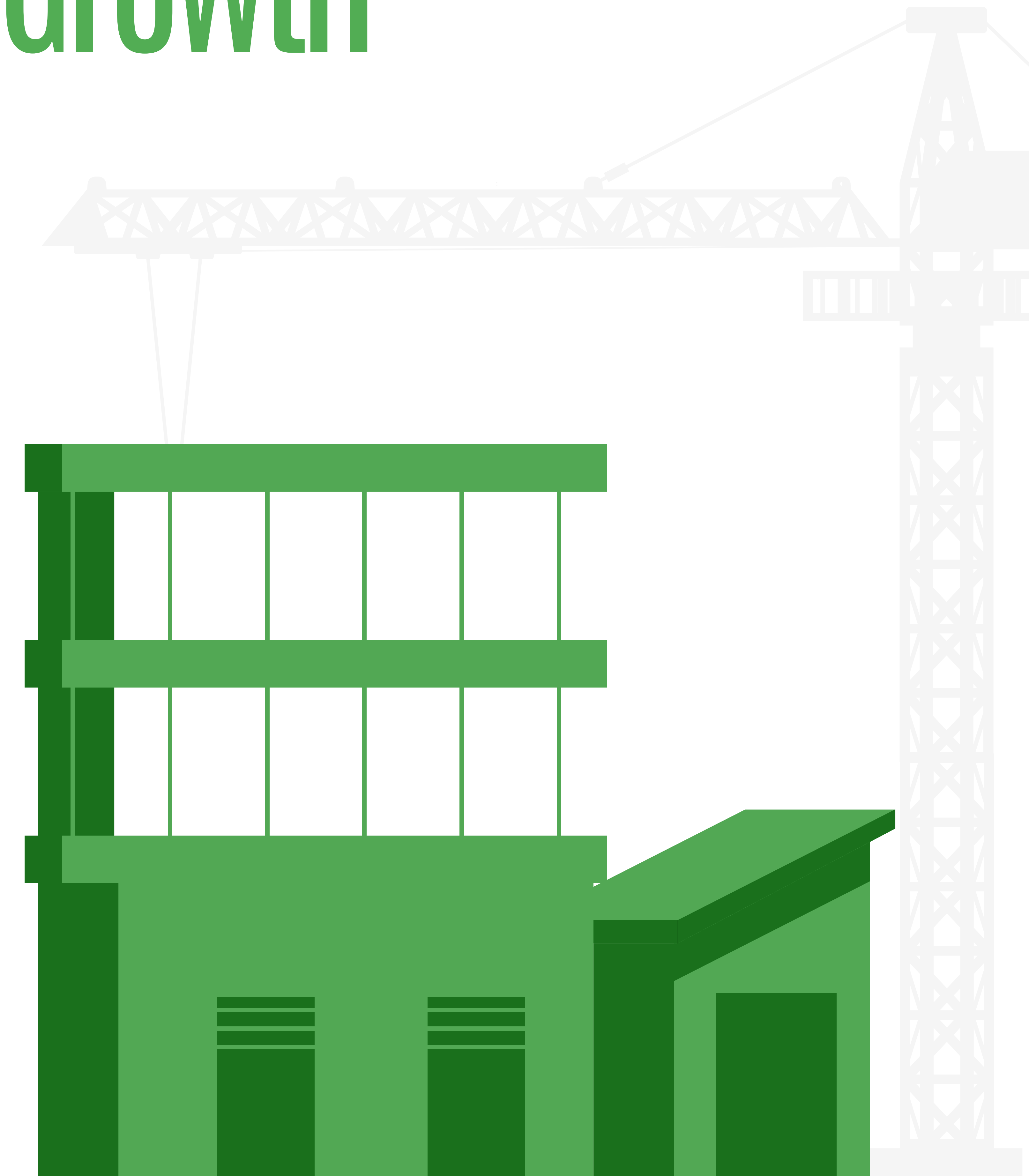
Our acquisition and the ongoing reconditioning of the idle sugar milling equipment of Central Azucarera Don Pedro Inc (CADPI) in Balayan, Batangas will increase capacity from 5,000 tons of cane a day to 8,000 tons daily. The benefits of this investment are threefold:

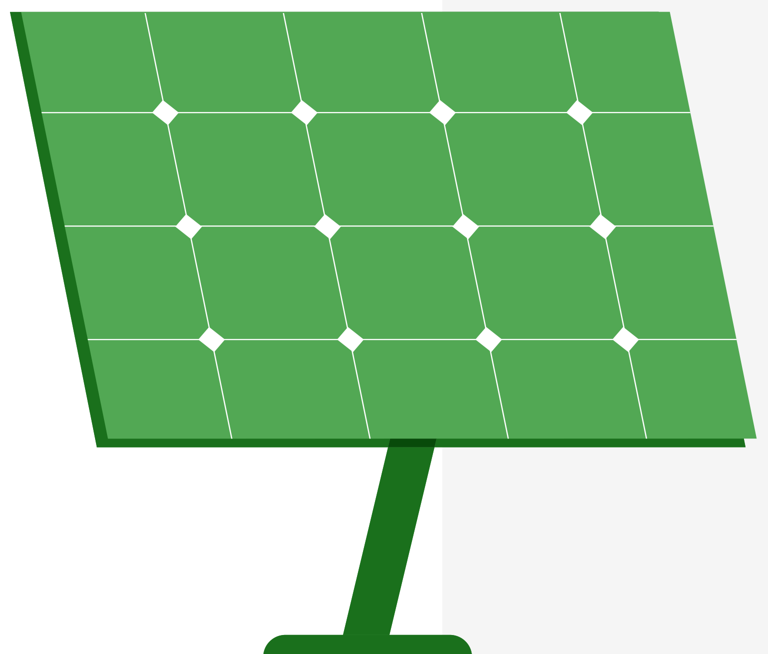
- Captures additional cane supply in Batangas
- Ensures sugar supply for URC's customers
- Secures livelihood of some 14,000 displaced sugarcane farmers

Lastly is the establishment of URC's mega site in Malvar, Batangas – a cutting-edge facility that will showcase state-of-the-art manufacturing technology in its operations. This includes the use of renewable energy sources (solar panels, rainwater recovery and wastewater systems) and other design improvements aimed at reducing material resource inputs, production wastage, and labor efforts.

Construction has already begun and will be finished in phases, with some lines up and running by the end of 2024. The entire construction will span 10 to 15 years. When completed, the Malvar mega site will cover more than 30 hectares, employ approximately 3,000 workers directly and indirectly, and ultimately be a driving production facility for a wide range of high-quality URC products.

These long-term investments in South Luzon and Cebu continue our mission to build an enduring business that both serves our customers and guarantees a healthy and sustainable future for URC.



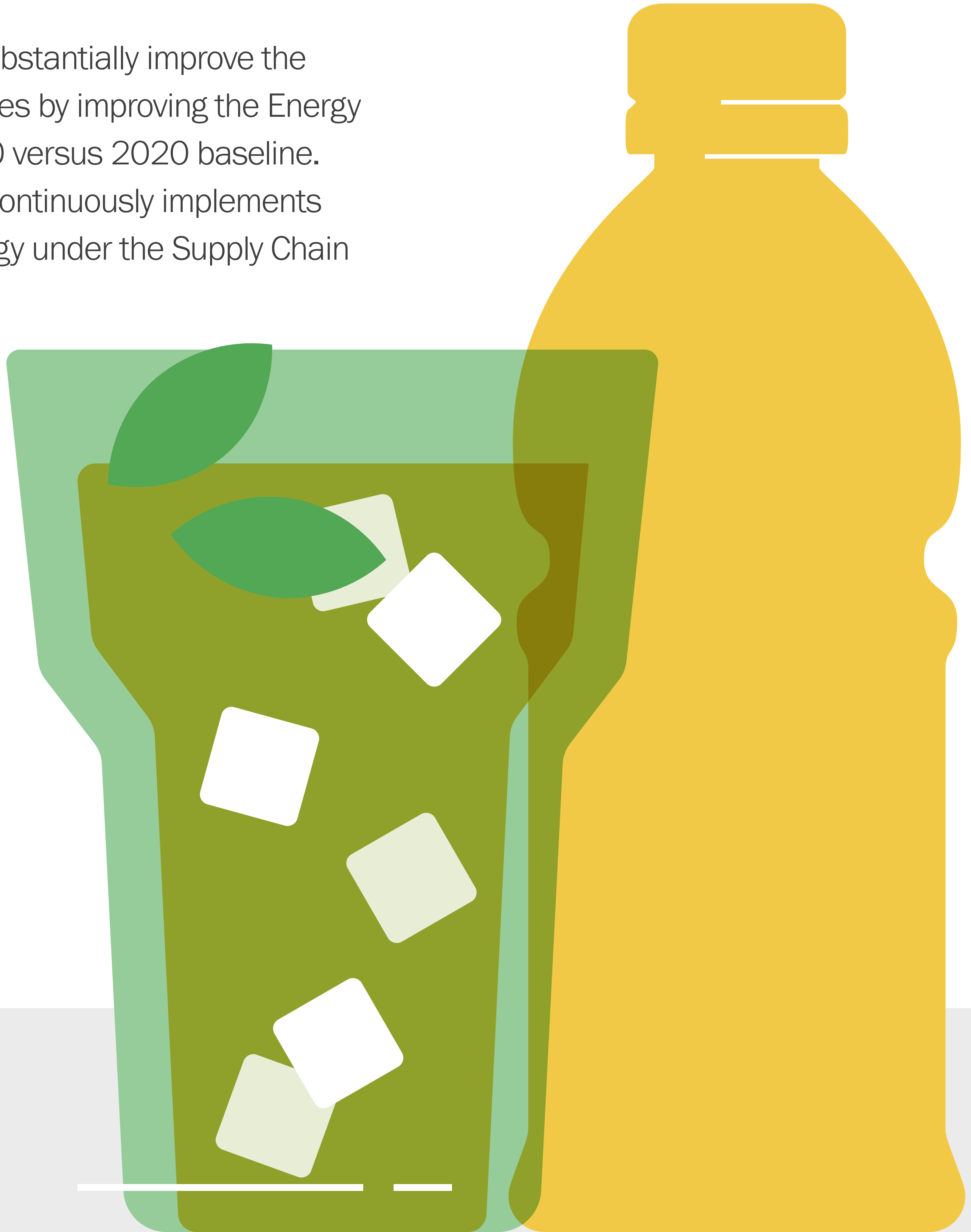


Sustainability

Planet

Climate Action

The company is committed to substantially improve the energy consumption of its facilities by improving the Energy Use Ratio (EUR) by 30% in 2030 versus 2020 baseline. To drive this commitment, URC continuously implements LEAN Manufacturing methodology under the Supply Chain Transformation strategy which aims to lower production downtime, reduce waste, minimize GHG emissions, and optimize the use of natural resources. The LEAN Manufacturing program is currently being implemented and replicated across the operations under the Branded Foods Business.



Energy Consumption

METRICS	2022	2023
Total	7,117,508 GJ	**7,373,626 GJ**
Renewable Sources (in GJ and %)	1,414,399 GJ	**1,770,018 GJ**
	20 %	**24 %**
Electricity (from non-renewable)	948,192 GJ	**832,217 GJ**
	13 %	**11 %**
Fossil Fuel	4,754,917 GJ	**4,771,391 GJ**
	67 %	**65 %**

TARGET

30% reduction by 2030 vs. 2020

METRICS	2022	2023
Energy Use Ratio	2.65 GJ/MT	**2.70 GJ/MT**
Energy Intensity	47.48 GJ/ MnPHP	**46.56 GJ/ MnPHP**

Planet

Greenhouse Gas Emission

METRICS	2023	Units
Direct (Scope 1) GHG Emissions	337,953	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	136,665	Tonnes CO2e
Total (Scope 1 + Scope 2) GHG Emissions	474,618	Tonnes CO2e
GHG Intensity	2.99	Tonnes CO2e/ MnPHP
Emissions of ozone-depleting substances (ODS)	23.87	Tonnes

TARGET

Net Zero by 2050

URC sees great opportunity in utilizing renewable sources of energy available in the sites. The sustainable energy utilization initiatives reduce URC's reliance on fossil fuels and purchased electricity by utilizing readily available materials in the plants, such as bagasse, biomass, and solar power generated from solar rooftop installations.

URC's long-term goal is to have all the plants utilize electricity from 100% renewable energy by 2025.

Water

The company commits to environment protection by continuing responsible water stewardship works to improve water use efficiency and to protect watersheds as embedded in the environment, health and safety policy.

URC utilizes a mix source of water, from groundwater through deep wells, surface water, and municipal water. Notably, URC SURE reduces its water consumption by using recycled water in its operation through its closed-loop system project.

Water Consumption

METRICS	2022	2023
Water withdrawal	17,909,980 m^3	**18, 146,638 m^3**
Water consumption	12,719,238 m^3	**10,830,007 m^3**
Water recycled and reused	707,810 m^3	**939,100 m^3**
Water intensity	85 m^3 / MnPHP	**68 m^3 / MnPHP**
Water Use Ratio (WUR)	6.62 m^3 / tonne	**6.82 m^3 / tonne**

TARGET

30% reduction by 2030 vs. 2020

People

People & Communities

URC sees an opportunity to differentiate itself as an employer from other desirable companies in the country. Grievance mechanisms and numerous communication channels, such as town hall meetings, are made available to employees. This allows URC to cover additional dimensions of employee satisfaction, such as professional development.

Consistent to our People Ambition of being talent's top of mind company for being a global organization that stays true to its values, URC has been recognized externally as Best Place to Work not only in the Philippines but also in other countries (e.g. Malaysia, Myanmar, Indonesia and Vietnam). This is an acknowledgement on the efforts of the company in providing continuous learning and growth among its employees.

URC has continued to develop and give priority to the professional development and growth of its employees as evidenced by the varied programs and learning tools made available. It will always provide newer ways for effective education and training.

URC believes in diversity and fairness, elements critical for women to be successful at work. Respect for women begets results from women. URC strictly hires based on competencies required of the position and does not discriminate on race, color, religion, sexual orientation, disabilities. URC adheres to its antidiscrimination policy.

The company ensures that it observes fair labor practices while upholding equal opportunity and workforce diversity. HR is up-to-date on societal trends influencing the workforce demographic and is positioned to open discussions on complements to hiring based on competencies.

Employee Data (Diversity and Inclusion)

13,171 Employees in 2023

By Gender	No. of Employees
Female	4,157
Male	9,014

By Age Group	No. of Employees
Gen Z (26 and below)	1,940
Millennial (27-41)	7,127
Gen X (42-56)	3,687
Baby Boomer (57 and up)	417

By Contract Type	No. of Employees
Regular	11,605
Consultant, FTE & Project based	913
Probationary	653

By Length of Tenure	No. of Employees
< 1 years	1,556
1-3 years	2,037
3-5 years	1,628
5-7 years	1,644
7+ years	6,306

By Rank	No. of Employees
Executive/Senior Management	105
Rank & File	7,733
Supervisor	1,633
Manager	987
Seasonal	378
Professional / Technical	2,335

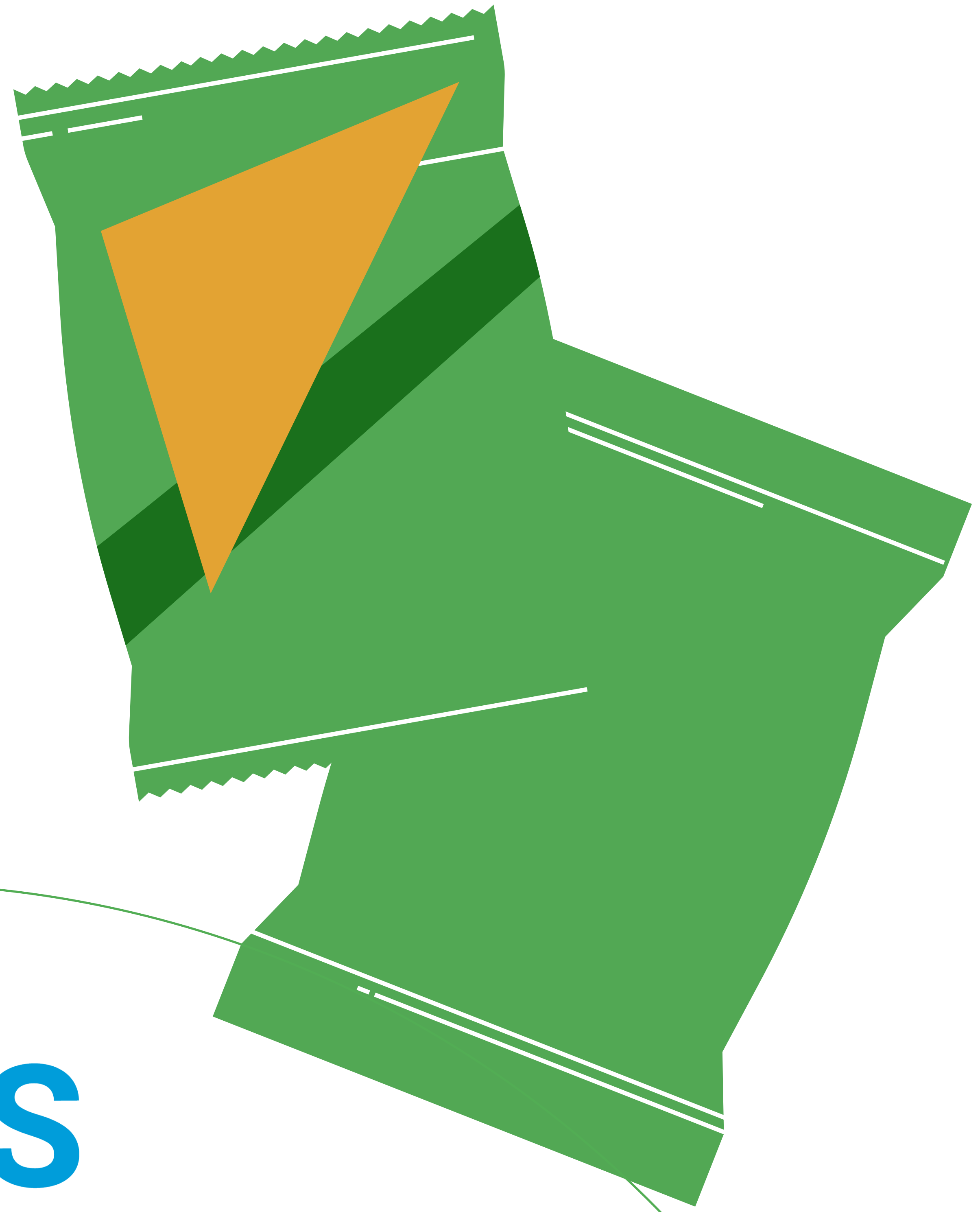
By Business Unit	No. of Employees
BCF PH	3,989
BCF International	5,370
AIG	644
Flour	397
SURE	2,247
Main	524

METRICS	2023
LTIFR Ratio	1.01
Average training hours per employee	26.50 hrs/employee

Product

The company adheres closely to the Philippine Food Safety Act (Republic Act or R.A. 10611) which protects consumer health and safety. Regulatory compliance encompasses product registration, sale, inspection, labeling, and marketing.

URC ensures full compliance with regulatory labeling and product information requirements, implementing the necessary analysis for nutritional facts and claims.



SUSTAINABLE DEVELOPMENT GOALS

Wellness Criteria

METRICS	2023
% of products passed Wellness Criteria 1	100%
% of products passed Wellness Criteria 2	99%
% of products passed Wellness Criteria 3	86%

Packaging

Upcycling

TARGET

Plastic Neutrality by 2030

Sourcing

Procurement Updates

METRICS	2023
% GAP-certified potato	100%
% RSPO-certified Palm Olein	44%

Corporate Governance

Corporate Governance

Universal Robina Corporation ("The Company") acknowledges that good corporate governance is essential to build an environment of trust, transparency, and accountability necessary for fostering long-term performance, financial stability, business integrity, and sustainability of the company for the protection of the interests of shareholders and other stakeholders.

Corporate Governance is the framework of rules, systems and processes of the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stakeholders. The Revised Corporate Governance Manual was adopted to institutionalize corporate governance principles as a guide for the daily conduct of business.

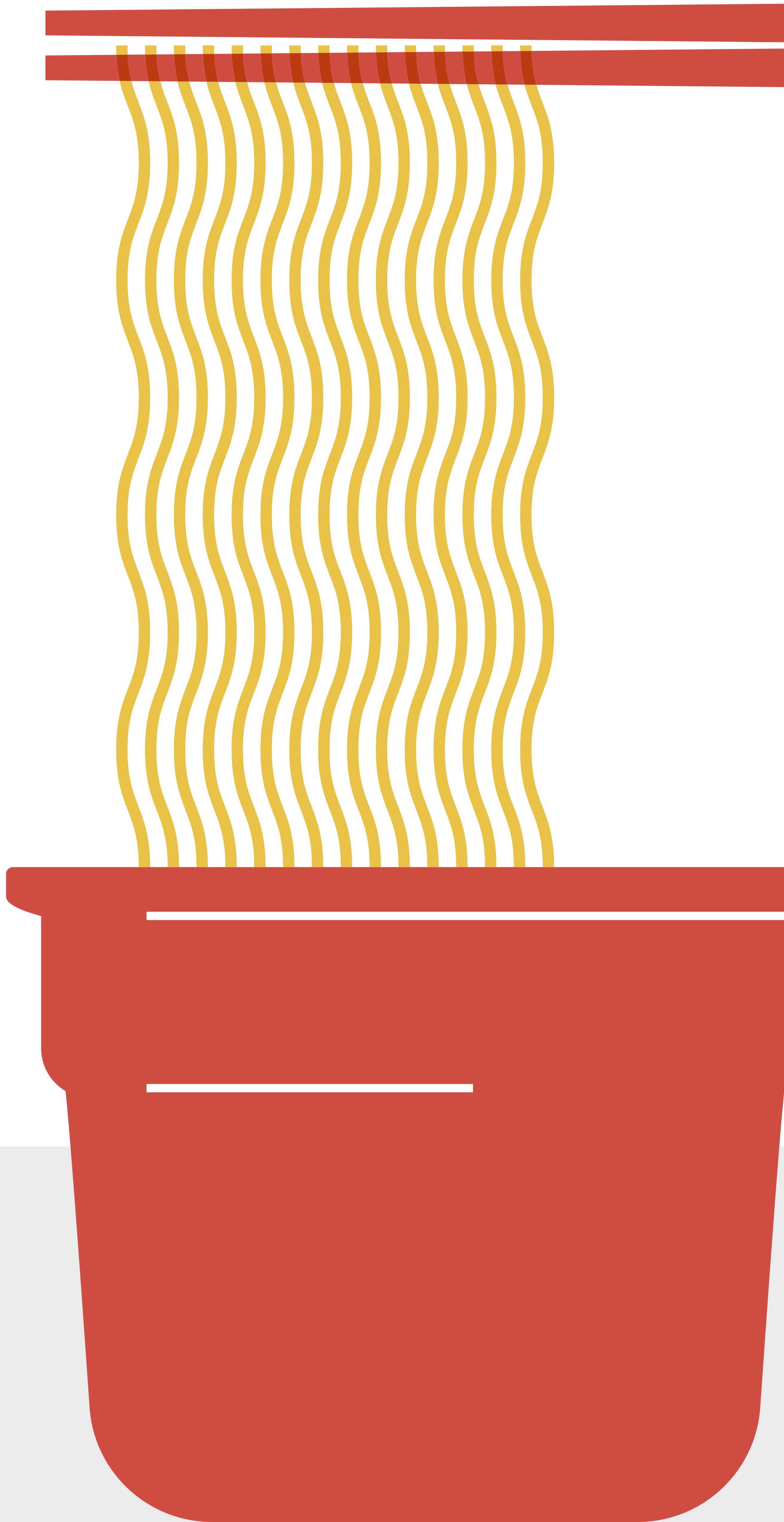
The Company continuously strives to strengthen and improve its corporate governance practices by adopting best practices that includes building a competent board, aligning strategies with goals, managing risk effectively, adhering to high standards of ethics and integrity, and promoting accountability by defining roles and responsibilities.

The Company believes that sound and effective corporate practices are fundamental to the smooth, effective, and transparent operation of the company, its ability to attract investment and enhance shareholder value. This includes the Company's commitment to ensure fair and equitable treatment of all shareholders, including the minority, and the protection of their rights that include:

1. Right to vote on all matters that require their consent or approval
2. Right to inspect corporate books and records
3. Right to information
4. Right to dividends
5. Appraisal right

The Company is transparent and fair in the conduct of the Shareholders' Meetings. To foster active shareholder participation, the Board sends the Notice of Shareholders' Meeting with sufficient and relevant information at least fifteen (15) business days before the meeting, compliant with the Securities Regulation Code. The Shareholders are encouraged to personally attend such meetings and those who are unable to attend are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of law, rules and regulations and the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the favor of the shareholder.

Guided by the principles of fairness, accountability and transparency to the shareholding public, the Company ensures that the results of the voting taken during the most recent Shareholders' Meeting are made available the next working day. In addition, the Minutes of the Shareholders' Meeting may be accessed through the Company Website within five (5) business days from the end of the meeting.



Duty to Other Stakeholders

The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that encourages the Company's sustainable growth, while contributing to the advancement of the society where it operates. The Company employs value chain processes that take into consideration Economic, Environmental and Social Governance (EESG) issues and concerns.

Customers' Welfare

The Company adopts customer relations policies and procedures to protect customer's welfare. This includes providing and making available the customer relations' contact information who is empowered to address and attend to customer questions and concerns.

Supplier/ Contractor Selection

The Company follows the Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments. Apart from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices.

Employees

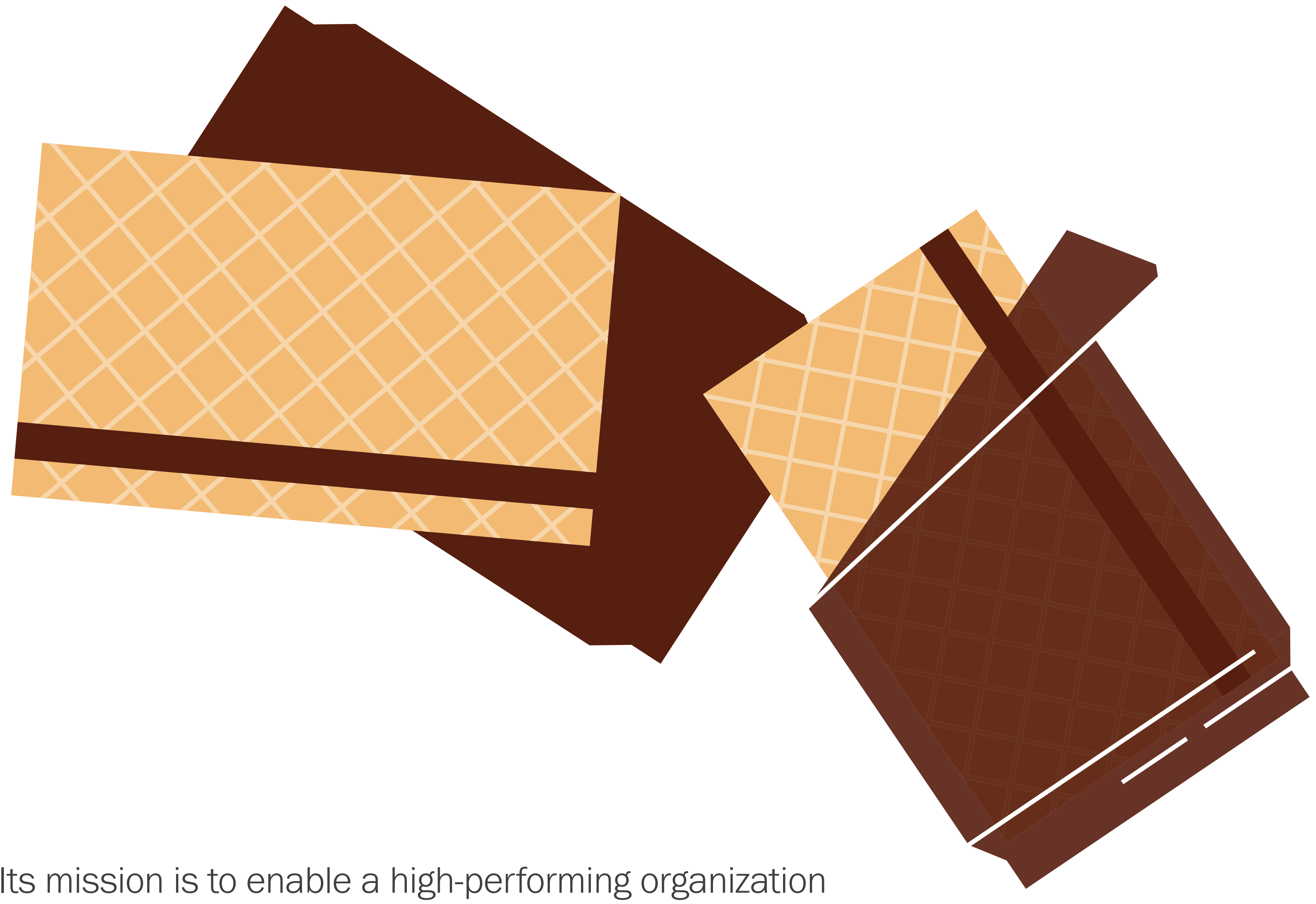
The Board also establishes policies, programs, and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance, including but not limited to:

Health, safety and welfare;
Training and development; and
Reward and compensation.

1. Performance-enhancing mechanisms for employee participation

The Company abides by the standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented, reviewed, and regularly updated to ensure the security, safety, health, and welfare of the employees in the workplace.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development (JG-ILED), the leadership platform for systematic and sustained development programs across the conglomerate.



Its mission is to enable a high-performing organization that will facilitate learning processes and develop employees' intellectual and personal growth through targeted and customized training and development programs.

Further, the corporate culture and employee know-how are honed at the URC University, an online platform engaging URLearning content via interactive modules that make learning fun, engaging, and accessible anytime, anywhere. This platform provides a personalized training experience, a venue to share knowledge and learn from others, and a reward system for top-performing learners. URC's brand of people development "inspires personal mastery, encourages servant leadership and collaboration, and ensures operational excellence."

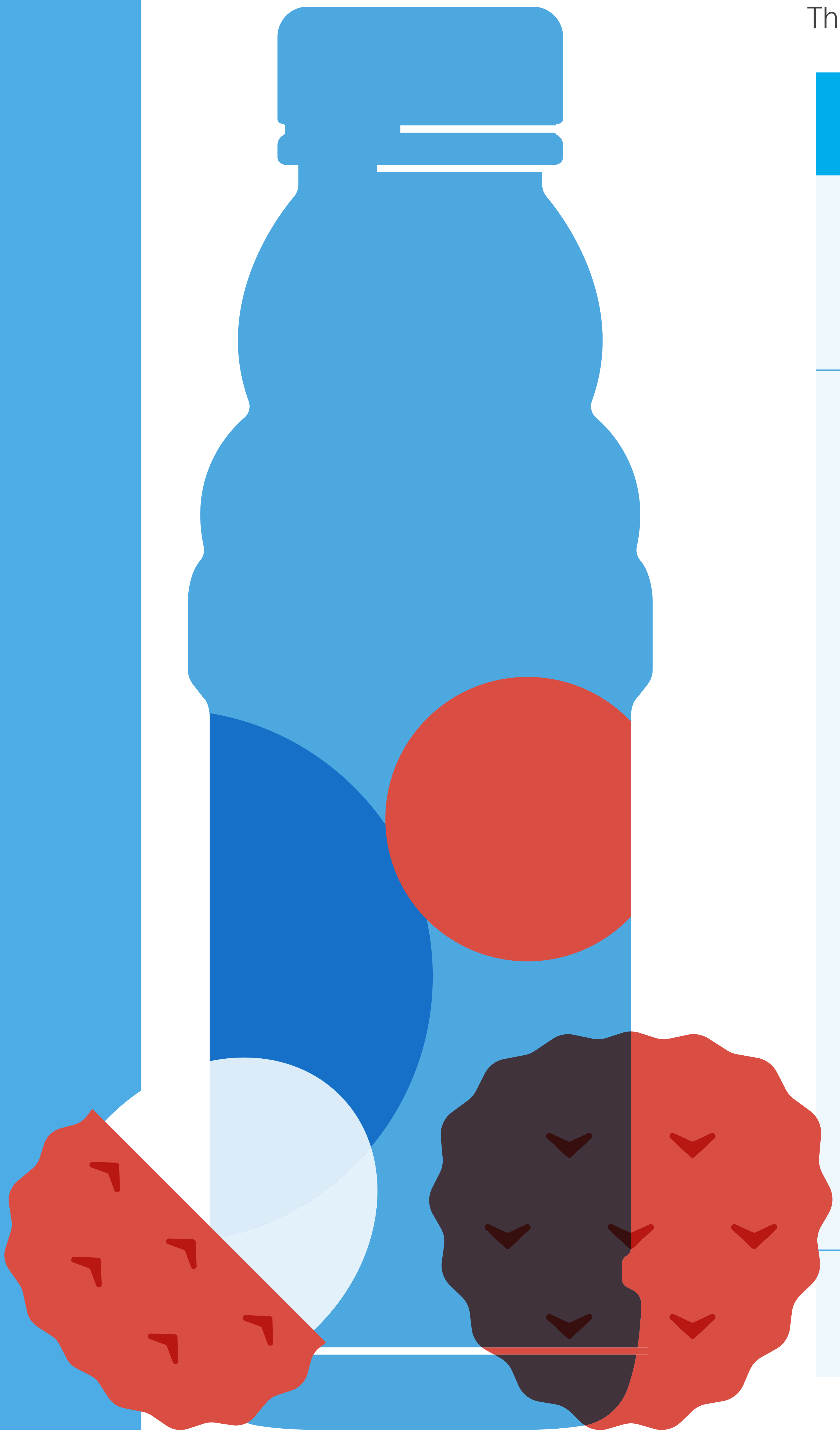
2. Anti-corruption programs and procedures

The Company is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting anti-corruption policies and programs. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others. The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Furthermore, all concerned employees of the Conglomerate are required to comply with the Self-Disclosure Activity on Conflict of Interest and Declaration of Gifts Received on an annual basis.

The Company also has an established suitable framework for whistleblowing. It is enforced to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices without fear of retaliation. It also allows them to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns.

The anti-corruption programs and procedures of the Company are summarized below:

Business Conduct & Ethics	Policy Statement
Conflict of Interest	The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his/her/their judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.
Conduct of Business and Fair Dealings	The Company's employees who recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions they are involved in.
Receipt of Gifts from Third Parties	The Company discourages the acceptance of gifts. However, gifts like advertising novelties may be given or accepted during the Christmas season. There is no restriction in the value of the gift that may be accepted. However, an accepted gift with an estimated value over Php2,000.00 must be disclosed to the Conflicts of Interest Committee.
Compliance with Laws and Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.
Respect for Trade Secrets/ Use of Non-public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.
Use of Company Funds, Assets and Information	Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.
Employment and Labor Laws and Policies	The Company ensures the observance, strict implementation, and compliance with employment and labor laws and policies with regards to recruitment, employment, retention, and benefits of the employees.



The anti-corruption programs and procedures of the Company are summarized below:

Business Conduct & Ethics	Policy Statement
Disciplinary Action	Violation of any provision of the Code of Business Conduct may result in disciplinary action, including dismissal and reimbursement for any loss to the Company that resulted from the employee's actions. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.
Whistleblowing	The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be submitted using the following contact details: a. URvoice: For Employees: https://jgsummit.service-now.com/employee?id=urvoice&type_id=3c9929badb830950b04ad4bdd39619f5 For Non-Employees: https://jgsummit.service-now.com/employee?id=urvoice&type_id=8e0b217edb830950b04ad4bdd3961902 b. Email Address - feedback@urc.com.ph c. URC Customer Care - https://www.urc.com.ph/contact-us All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM. The Company commits to protect those who will report in good faith from retaliation, harassment and even informal pressures. The Company will take the necessary and appropriate action in enforcing the policy.
Conflict Resolution	The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. The decision is done by the Executive Committee.

The anti-corruption policies and programs are made available online for easy access to the employees within the organization, which they can use for reference and guidance. An eModule of the Code of Business Conduct is also available in the Company's training platform where all of the Company employees shall be asked to watch and take the exam to gauge their comprehension and retention of the Company policies and guidelines.

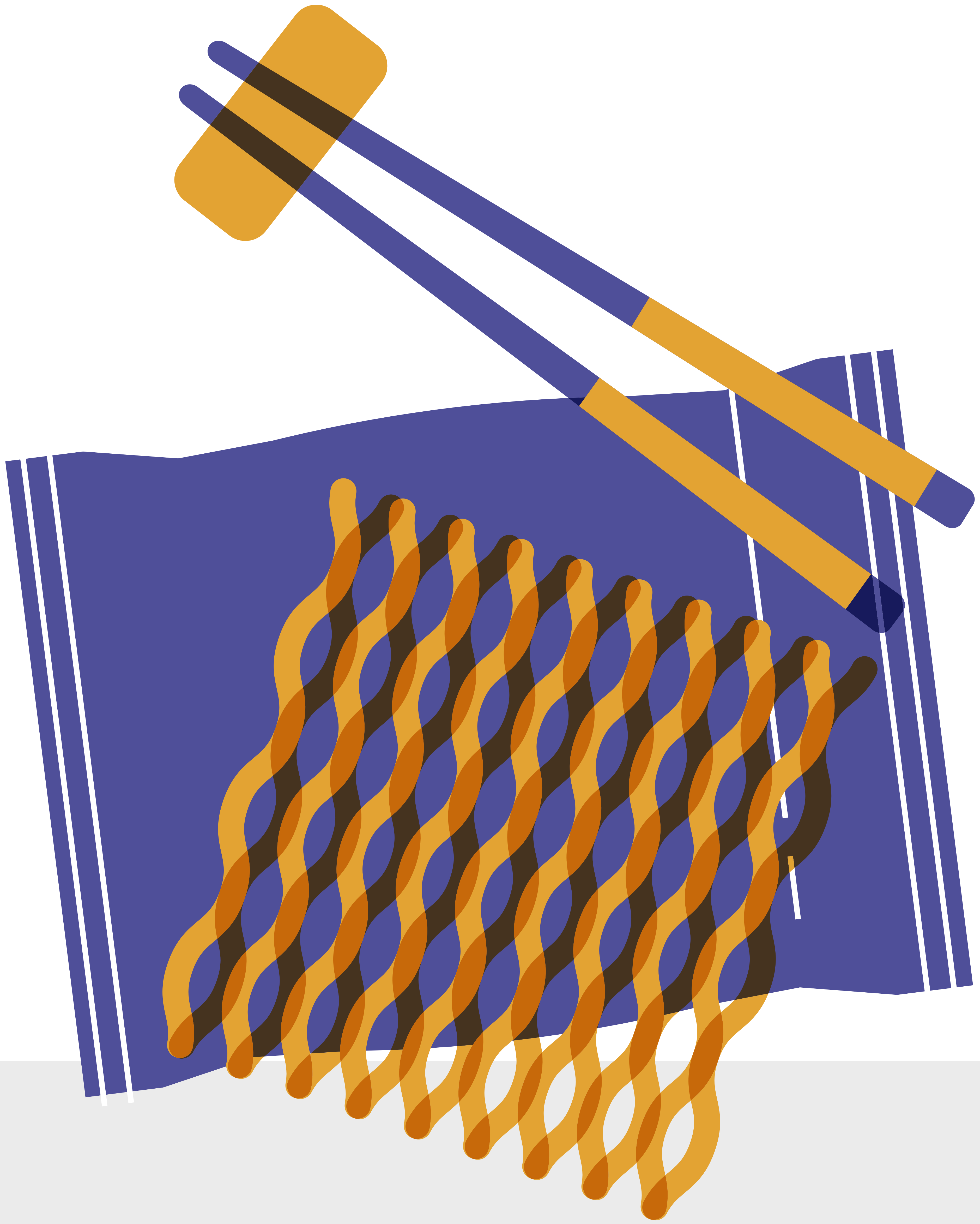
The Company also has URvoice, a digital platform where employees and stakeholders can freely and securely share their observations and concerns on adherence to company purpose, values, and policies, including Anti-Corruption.

The Company ensures that Employees reporting via URvoice are protected from harassment, retaliation, or punishment.

Consistent with the Revised Corporate Governance Manual and pursuant to the recommendations provided in the Code of Corporate Governance for Publicly Listed Companies (PLCs), the Company strengthened its policies on **Board Diversity, Board Nomination and Election, Succession Planning and Remuneration, Material Related Party Transactions, Insider Trading and Whistleblowing** to reinforce the governance framework of the Company. These policies may be accessed in the Company's website, in the Governance section,
https://www.urc.com.ph/corporate-governance/company-policies/

The Company submitted the Integrated Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) on May 30, 2023. The I-ACGR is a reportorial requirement under SEC Memorandum Circular No. 15 series of 2017 to all PLCs to disclose the Company's compliance/non-compliance with the recommendations provided under the Corporate Governance Code for PLCs. With the "comply or explain" approach, voluntary compliance to recommended CG best practices is combined with mandatory disclosure.

The Company's I-ACGR may be accessed through the Company website by clicking this link,
https://www.urc.com.ph/corporate-governance/I-ACGR



THE BOARD OF DIRECTORS

The Board of Directors ("The Board") is primarily responsible for the governance of the Company and provides an independent check on management. It has the duty to foster the long-term success of the Company and ensure that the Company's competitiveness and profitability will be sustained in a manner consistent with its corporate objectives for the best interest of the company and its stakeholders.

The Board formulates the Company's vision, mission, strategic objectives, policies, and procedures that guide its activities, including the means to effectively monitor the Management's performance. It directs and approves matters concerning the Company's business strategies, policies and plans, while the day-to-day business operations are delegated to the Executive Committee.

The Board exercises care, skill, and judgment and observes good faith and loyalty in the conduct and management of the Company's business and affairs. It ensures that all its actions are within the scope of power and authority prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules and regulations. To uphold high standards for the Company, Shareholders, and other Stakeholders, the Board conducts itself with honesty and integrity in performing its duties and responsibilities.

Board Duties and Responsibilities

The Company's Corporate Governance Manual specifies the roles, duties and responsibilities of the Board of Directors in compliance with relevant laws, rules and regulations. In adherence to the principles of corporate governance, the Board is tasked to perform the following:

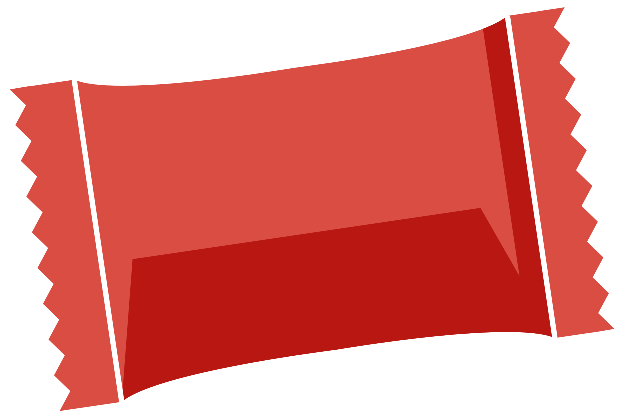
General Responsibilities

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and in the best interest of the Corporation, its Shareholders and Stakeholders, as a whole.

Duties and Functions

To ensure high standards for the Corporation, its Shareholders and other Stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all Stakeholders;
- Oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures;
- Oversee the adoption of an effective succession planning program and remuneration policies;
- Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;
- Oversee the implementation of a policy and system on RPTs, which shall include the review and approval of material or significant RPTs and ensure fairness and transparency of the transactions;
- Oversee the adoption of policies on the selection of Management and Key Officers and the assessment of their performance;
- Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an ERM framework to identify, monitor, assess and manage key business risks;
- Annually review, together with Management, the Company's vision and mission;
- Ensure the Corporation's faithful compliance with all applicable laws and regulations, and best business practices;
- Establish and maintain an Investor Relations Program that will keep the Shareholders informed of important developments in the Corporation. The Corporation's CEO shall exercise oversight responsibility over this program;
- Identify the Corporation's Stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- Ensure that the Corporation has an independent audit mechanism for the proper audit and review of the Corporation's financial statements by independent auditors;
- Ensure that the Corporation establishes appropriate Corporate Governance policies and procedures pursuant to this Manual and the Governance Code, including but not limited to, policies on conflict of interest, and oversee the effective implementation thereof; and
- Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.



Balanced board composition

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth. The Board Member's biographical details are set out in the succeeding section and may also be found in the Information Statement. The Board is diverse in terms of expertise and professional experience. Furthermore, the posts of Chairman and Chief Executive Officer of the Company are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is established and set out in the Revised Corporate Governance Manual.

Board Independence

The Board has four independent directors that possess all the necessary qualifications and none of the disqualifications to hold the position. The Company reinforces proper mechanisms for disclosure, protection of the rights of shareholders, equitable treatment of shareholders, and the accountability of the Board and Management are in place. In cases of conflicts of interest, Directors with a material interest in any transaction with the Company must abstain from participating in the deliberation of the same.

Board Training and Orientation

The Company ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of business. Orientation programs are conducted for first-time directors to ensure new members are appropriately apprised of their duties and responsibilities. This includes an overview of the Company's operations, Code of Conduct, Corporate Governance framework, and other relevant topics essential to the performance of their functions. As a matter of continuous professional education, the Company provides training opportunities for the Directors and Key Officers.

Board Meetings

The Board schedules meetings at the beginning of the year, holds regular meetings in accordance with its By-Laws and convenes special meetings when required by business exigencies. Following the recommendation of the Code of Corporate Governance adopted by the Corporate Secretary office, the materials for the Board and Board Committee meetings are sent and made available for perusal of the Directors at least five (5) business days prior to the respective meeting. Meetings are likewise duly minuted. The Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, to promote transparency, the Board may require at least one (1) Independent Director in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Company submits an advisement letter on the Directors' record of attendance in Board meetings to the Commission.

Attendance of Directors

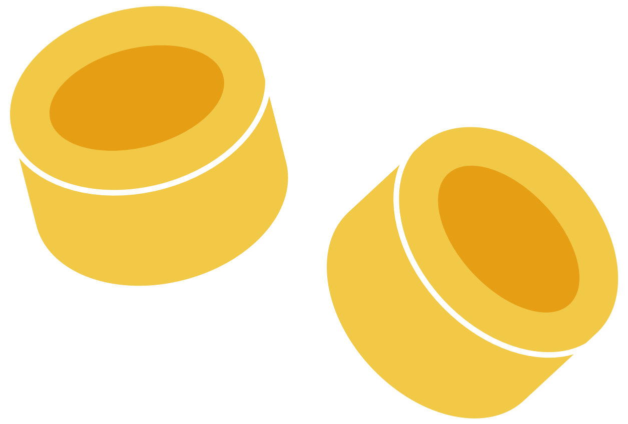
Board Members	Position	Date of Election	No. of Board Meetings Attended/Held	Attendance Percentage
Lance Y. Gokongwei	Chairman	May 15, 2023	4/4	100%
James L. Go	Member	May 15, 2023	4/4	100%
Irwin C. Lee	Member	May 15, 2023	4/4	100%
Patrick Henry C. Go	Member	May 15, 2023	4/4	100%
Johnson Robert G. Go, Jr.	Member	May 15, 2023	4/4	100%
Antonio Jose U. Periquet, Jr.	Independent director	May 15, 2023	4/4	100%
Cesar V. Purisima	Independent director	May 15, 2023	4/4	100%
Rizalina G. Mantaring	Independent director	May 15, 2023	4/4	100%
Christine Marie B. Angco	Independent director	May 15, 2023	4/4	100%

The Board Committees

To enable better and more focused attention on the affairs of the Company and aid in the optimal performance of its roles and responsibilities, the Board delegates particular matters to the Board Committees set up for the purpose: (a) Audit Committee, (b) Corporate Governance and Sustainability Committee (c) Board Risk Oversight Committee (BROC) and (d) Related Party Transaction Committee.

A. Audit Committee

The Audit Committee provides oversight over the Company's financial reporting, Internal Control System, Internal and External Audit processes, and monitors compliance with applicable laws and regulations. It ensures that systems and processes are put in place to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency, and effectiveness of business operations, and proper safeguarding and use of the Company's resources and assets.



Audit Committee Members	Position	Date of Election	No. of Committee Meetings Attended/Held	Attendance Percentage
Cesar V. Purisima	Chair	May 15, 2023	4/4	100%
Antonio Jose U. Periquet, Jr.	Member	May 15, 2023	3/4	75%
Rizalina G. Mantaring	Member	May 15, 2023	4/4	100%
James L. Go	Advisory Member	May 15, 2023	4/4	100%

On 6 November 2023 at one o'clock in the afternoon, the Audit Committee, composed of Independent Directors, Mr. Cesar Purisima, Mr. Antonio Jose U. Periquet, Jr., and Ms. Rizalina G. Mantaring, held an executive meeting with the Company's external auditor, SGV & Co., without the presence of management and any Executive Director.

B. Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee oversees the development and implementation of Corporate Governance principles and policies and recommends a formal framework on the nomination, remuneration, and evaluation of the performance of the Directors and key Management Officers that must be consistent with the Company's culture, strategies and the business environment.

Corporate Governance & Sustainability Committee Members	Position	Date of Election	No. of Committee Meetings	Attendance Percentage
Antonio Jose U. Periquet, Jr.	Chair	May 15, 2023	2/2	100%
Christine Marie B. Angco	Member	May 15, 2023	2/2	100%
Cesar V. Purisima	Member	May 15, 2023	2/2	100%

C. Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the establishment of the ERM framework that effectively identifies, monitors, assesses and manages key business risks and also assesses the effectiveness of risk management strategies. The BROC is responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control, and manage risks or possible threats to its operational and financial viability.

Board Risk Oversight Committee Members	Position	Date of Election	No. of Committee Meetings	Attendance Percentage
Rizalina G. Mantaring	Chair	May 15, 2023	2/2	100%
Cesar V. Purisima	Member	May 15, 2023	2/2	100%
Christine Marie B. Angco	Member	May 15, 2023	2/2	100%
Irwin C. Lee	Member	May 15, 2023	2/2	100%

D. Related Party Transaction Committee

The Related Party Transaction (RPT) Committee ensures that there is a group-wide policy and a system governing Material Related Party Transactions (MRPTs), particularly those that breach the materiality threshold. The policy shall include the appropriate review and approval of MRPTs, which guarantee fairness and transparency of the transactions.

Related Party Transactions Committee Members	Position	Date of Election	No. of Committee Meetings	Attendance Percentage
Christine Marie B. Angco	Chair	May 15, 2023	3/3	100%
Antonio Jose U. Periquet, Jr.	Member	May 15, 2023	3/3	100%
Rizalina G. Mantaring	Member	May 15, 2023	3/3	100%

The Corporate Secretary

The Corporate Secretary assists the Board and the Board Committees in conducting their meetings, including preparing the annual schedule of Board and Committee meetings and the annual Board calendar. She also assists the Board Chairs and its Committees in setting agendas for the meetings, safe keeps and preserves the integrity of the meeting minutes of the Board and its Committees, as well as other official records of the Company.

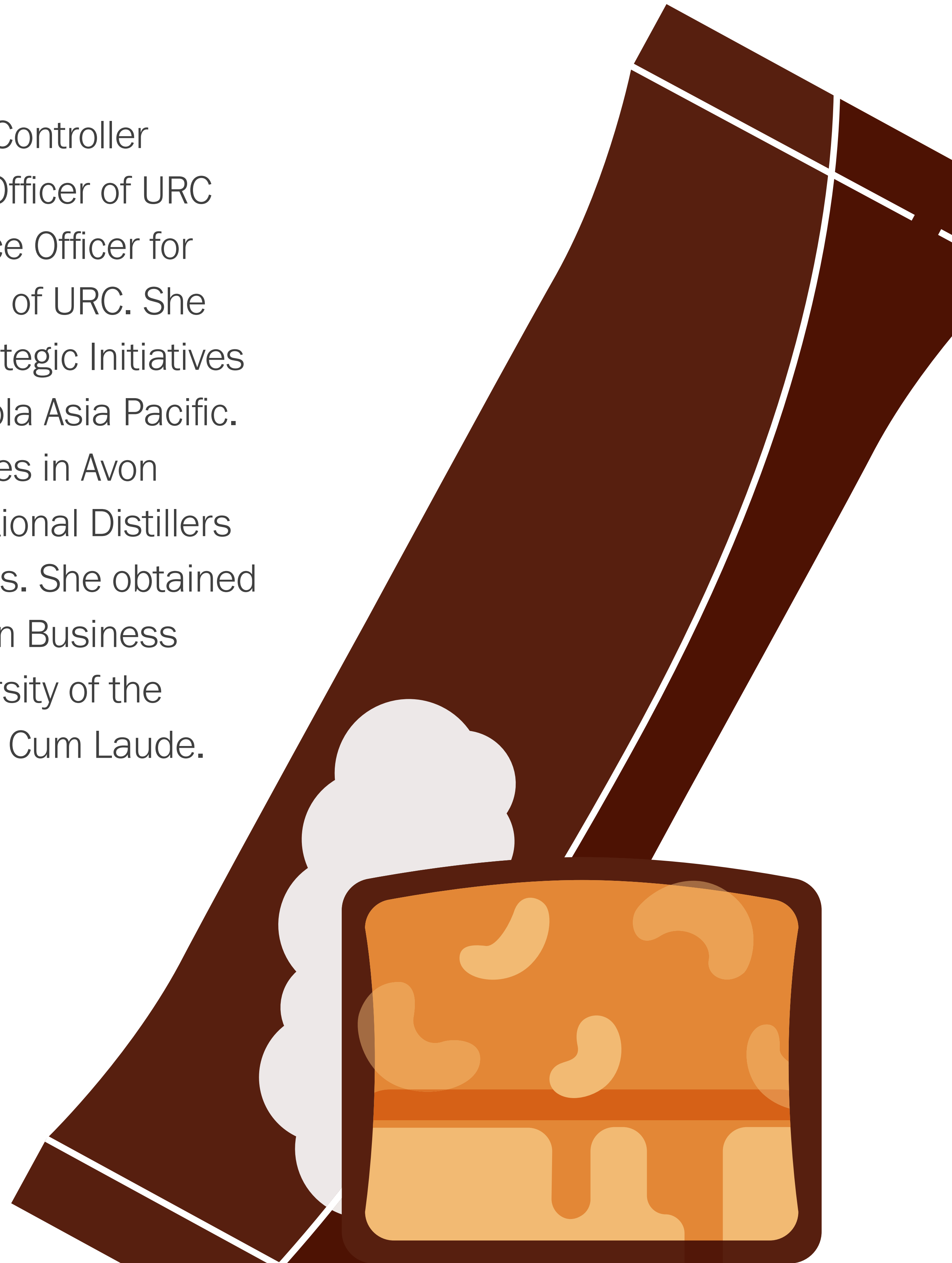
The Corporate Secretary keeps herself abreast on relevant laws, regulations, all governance issuances, relevant industry developments, and operations of the Company and advises the Board and the Chairman on all relevant issues as they arise. She works fairly and objectively with the Board, Management and Shareholders. She contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Stakeholders, including Shareholders.

Atty. Maria Celia H. Fernandez-Estavillo is the Corporate Secretary of URC. She is also the Chief Legal Officer, General Counsel and Corporate Secretary of JG Summit Holdings, Inc. She is also the Corporate Secretary of JG Summit Olefins Corporation and the Assistant Corporate Secretary of Gokongwei Brothers Foundation, Inc. She is a member of the British School Manila Board of Governors and a Trustee of the Solar Village Foundation. Prior to joining JG Summit Holdings, Inc. in March 2017, Atty. Fernandez-Estavillo was the head of the Legal and Regulatory Affairs Group, the Corporate Secretary, and a member of the Board of Directors of Rizal Commercial Banking Corporation. She was Assistant Vice President of Global Business Development of ABS-CBN. She also held positions in government as Head of the Presidential Management Staff, Assistant Secretary at the Department of Agriculture, and Chief of Staff of Senator Edgardo J. Angara. She began her legal career in ACCRA. She graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Summa Cum Laude) and a Bachelor of Laws degree (Cum Laude). She completed her Master of Laws (LLM) in Corporate Law from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997.

The Compliance Officer

The Compliance Officer monitors, reviews, evaluates, and ensures compliance by the Company; its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Corporate Governance Code, rules and regulations, and all governance issuances of regulatory agencies. She also ensures the integrity and accuracy of all documentary submissions to the regulators; identifies possible areas of compliance issues and works toward its resolution. She assists the Board and the Corporate Governance and Sustainability Committee in performing their governance functions, including their duties to oversee the formulation, review, and implementation of the Corporate Governance structure and policies of the Company.

Rhodora T. Lao is the Corporate Controller and Chief Compliance and Risk Officer of URC and was the Deputy Chief Finance Officer for Branded Consumer Foods Group of URC. She was formerly the Director for Strategic Initiatives and Group Controller for Coca-Cola Asia Pacific. She also held various finance roles in Avon APAC, Wyeth Philippines, International Distillers Philippines and Nestle Philippines. She obtained her Bachelor of Science degree in Business and Accountancy from the University of the Philippines where she graduated Cum Laude.



ENTERPRISE RISK MANAGEMENT, ACCOUNTABILITY AND AUDIT

The Company recognizes the increasing importance of sound risk management practices to drive business growth and sustainability. The Company implemented systems and processes to facilitate proper risk identification, monitoring and control – which are keys to effective corporate governance. Timely and accurate management and financial reporting systems, internal controls, and audits are also employed to protect and maximize stakeholders' value.

The Board oversees Management's adoption and implementation of a sound risk management framework for identifying, monitoring and managing key risk areas. The BOD reviews Management reports with due diligence to enable the company to anticipate, minimize, control and manage risks or possible threats to its operational and financial viability.

Enterprise Risk Management

Through a sound Enterprise Risk Management (ERM) framework, the Company effectively identifies, monitors, assesses, and manages key business risks. The framework guides the Board in identifying units/business lines and enterprise level risk exposures, as well as the effectiveness of risk management strategies.

Internal Controls

With the leadership of the Company's Chief Financial Officer (CFO), internal control is embedded in the operations of the company and in each BU, thus increasing their accountability and ownership in the execution of the BU's internal control framework. To accomplish the established goals and objectives, BUs implement robust and efficient process controls to ensure:

1. Compliance with policies, procedures, laws and regulations
2. Economic and efficient use of resources
3. Check and balance and proper segregation of duties
4. Identification and remediation control weaknesses
5. Reliability and integrity of information
6. Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud.

Adequate and Timely Information

To enable the Directors to fulfill their duties and responsibilities properly, Management provides them with complete, adequate, and timely information about the matters to be taken up in their meetings. Information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents. If the information provided by Management is not sufficient, further inquiries may be made by a Director to enable him to perform his duties and responsibilities properly. The Directors have independent access to Management and to the Corporate Secretary. The Directors, either individually or as a Board, and in performing their duties and responsibilities, may seek access to independent professional advice within the guidelines set by the Board.

Accountability and Audit

The Board ensures that its Shareholders are provided with a balanced and comprehensible assessment of the Company's performance, position, and prospects on a quarterly basis. Interim and other reports that could adversely affect its business are also available on the Company website, including its submissions and disclosures to the SEC and Philippine Stock Exchange (PSE). Management formulates the rules and procedures on financial reporting and internal control for presentation to the Audit Committee in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly defined;

2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all Shareholders and other Stakeholders;

3. Based on the approved Internal Audit Plan, Internal Audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operation information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;

4. The Company consistently complies with the financial reporting requirements of the SEC;

5. The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the External Auditing firm assigned to the Company, should be changed with the same frequency. The Corporate IA Head should submit to the Audit Committee and Management an annual report on the Internal Audit department's activities, responsibilities, and performance relative to the Internal Audit Plan as approved by the Audit and Risk Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Audit Head should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, the Internal Audit Head shall disclose to the Board and Management the reasons why he has not fully complied with the said documents; and

6. After consultations with the Audit Committee, the Board shall recommend to the Shareholders an External Auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the matter by which the financial statements shall be prepared and presented to the Shareholders

Internal Audit

The Corporate Internal Audit is focused on delivering its mandate of determining whether the governance, risk management, and control processes, as designed and represented by the management are adequate and functioning in a manner that provides a reasonable level of confidence that:

1. Employees' actions are compliant with policies, standards, procedures, and applicable laws and regulations;
2. Quality and continuous improvement are fostered in the control processes;
3. Programs, plans, and objectives are achieved;
4. Resources are acquired economically, used efficiently, and protected adequately;
5. Significant financial, managerial, and operating information is accurate, reliable, and timely;
6. Significant key risks are appropriately identified and managed; and
7. Significant legislative or regulatory issues impacting the Company are recognized and properly addressed.

Opportunities for improving management control, profitability, and the Company's reputation may be identified during audits.

OTHER MATTERS

Audit and Audit-Related Fees

Name of Auditor	Audit Fee	Non-Audit Fee
SyCip, Gorres, Velayo & Co.	Php 10,855,453	-0-

Ownership structure

Holding 5% shareholding or more (as of December 31, 2023)

Shareholder	Number of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	1,215,223,061	54.49%	Same as record owner
PCD Nominee Corporation (Non-Filipino)	509,061,810	22.83%	PCD Participants & their clients
PCD Nominee Corporation (Filipino)	396,911,087	17.80%	PCD Participants & their clients

Dealing in securities (changes in shareholdings of directors and key officers)

A. Elected Directors for the calendar year 2023

Name of Director	Number of Shares	% to Total Outstanding Shares
James L. Go	1,148,001	0.05%
Lance Y. Gokongwei	913,235	0.04%
Patrick Henry C. Go	45,540	0%
Johnson Robert G. Go, Jr.	1	0%
Irwin C. Lee	500,001	0.02%
Cesar V. Purisima	1	0%
Rizalina G. Mantaring	7,401	0%
Christine Marie B. Angco	1	0%
Antonio Jose U. Periquet, Jr.	500,000	0.02%

B. Elected Officers for the calendar year 2023

<table>
<tr><th>Name of Officer</th><th>Position/Designation</th><th>Number of Shares</th><th>% to Total Outstanding Shares</th></tr>
<tr><td>James L. Go</td><td>Chairman Emeritus</td><td colspan="2" rowspan="4">(same shareholdings as mentioned above)</td></tr>
<tr><td>Lance Y. Gokongwei</td><td>Chairman</td></tr>
<tr><td>Irwin C. Lee</td><td>President & Chief Executive Officer</td></tr>
<tr><td>Patrick Henry C. Go</td><td>Executive Vice President</td></tr>
<tr><td>Anna Milagros D. David</td><td>Chief Marketing Officer</td><td>49,630</td><td>0%</td></tr>
<tr><td>Francisco M. Del Mundo</td><td>Chief Investments, Strategy & Corporate Services Officer</td><td>0</td><td>0%</td></tr>
<tr><td>David J. Lim, Jr.</td><td>Chief Supply Chain and Sustainability Officer</td><td>0</td><td>0%</td></tr>
<tr><td>Evelyn C. Ng</td><td>Chief Financial Officer</td><td>10,400</td><td>0%</td></tr>
<tr><td>Elisa O. Abalajon</td><td>Chief Human Resources Officer</td><td>0</td><td>0%</td></tr>
</table>

Name of Officer	Position/Designation	Number of Shares	% to Total Outstanding Shares
Krishna Mohan Suri	Vice President, Global Innovation, Research & Development	0	0%
Socorro M.L. Banting	Vice President	0	0%
Karen Therese C. Salgado	Chief Information Officer	0	0%
Rhodora T. Lao	Corporate Controller and Chief Compliance & Risk Officer	0	0%
Maria Celia H. Fernandez-Estavillo	Corporate Secretary	0	0%
Phoebe Ann S. Bayona	Assistant Corporate Secretary	0	0%
Charles Bernard A. Tañega	Treasurer	0	0%
Elvin Michael L. Cruz	Corporate Legal Counsel	0	0%
Jose Miguel T. Manalang	Director, Strategy and Investor Relations	3,500	0%

Dividends

On March 6, 2023 and August 4, 2023, the Board of Directors of Universal Robina Corporation ("URC") approved the declaration of the following cash dividends from the unrestricted retained earnings of URC as of December 31, 2022:

a) Cash Dividend of One Peso and Fifty Centavos (P1.50) per share and paid on April 28, 2023; and

b) Cash Dividend of Two Pesos and Twelve Centavos (P2.12) per share and paid on September 27, 2023.

Dividend Policy

URC, as a matter of policy, will maintain an annual cash dividend payout ratio of 50% of the consolidated core net income from the preceding year. This is subject to the requirements of applicable laws and regulations and the absence of circumstances, which may restrict the payment of such dividends.

The Board of Directors shall determine the cash dividend rate and may, at any time, modify such dividend rate.

Company Website

The Company updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These are available on the company's website: https://www.urc.com.ph/

BOD and Executive Officers

Board of Directors

James L. Go
Director, Chairman Emeritus

Lance Y. Gokongwei
Director, Chairman

Irwin C. Lee
Director, President and Chief Executive Officer

Patrick Henry C. Go
Director, Executive Vice President

Johnson Robert G. Go, Jr.
Director

Cesar V. Purisima
Independent Director

Rizalina G. Mantaring
Independent Director

Christine Marie B. Angco
Independent Director

Antonio Jose U. Periquet, Jr.
Independent Director

Corporate Officers

James L. Go
Chairman Emeritus

Lance Y. Gokongwei
Chairman

Irwin C. Lee
President and Chief Executive Officer

Patrick Henry C. Go
Executive Vice President

Anna Milagros D. David
Chief Marketing Officer

Evelyn Chua-Ng
Chief Financial Officer

Francisco M. Del Mundo
Chief Investments, Strategy, and Corporate Services Officer

David J. Lim, Jr.
Chief Supply Chain and Sustainability Officer

Elisa O. Abalajon
Chief Human Resources Officer and Agile Transformation Lead

Krishna Mohan Suri
Chief Research and Development Officer

Karen Therese C. Salgado
Chief Information Officer

Socorro M.L. Banting
Vice President

Rhodora T. Lao
Corporate Controller and Chief Compliance and Risk Officer

Maria Celia H. Fernandez-Estavillo
Corporate Secretary

Phoebe Ann S. Bayona
Assistant Corporate Secretary

Charles Bernard A. Tañega
Treasurer

Elvin Michael L. Cruz
Corporate Legal Counsel

Jose Miguel T. Manalang
Director, Strategy and Investor Relations

Leadership Team

Shanie Ann S. Kawpeng
Managing Director, Snack Foods, BCFG Philippines

Oscar I. Villamora
Managing Director, Beverages, BCFG Philippines

Marcia Y. Gokongwei
Managing Director, Corporate Supply Network

Renato P. Cabati
Managing Director, Sugar & Renewables (SURE)

Vincent Henry C. Go
Managing Director, Agro-Industrial Group (AIG) and Food Services

Ellison Dean C. Lee
Managing Director, Flour and Breads

Anna Milagros D. David
Managing Director, URC International

Rodney Wong
Vice President and General Manager, URM Malaysia

Jean Pierre S. Gamboa
Vice President and General Manager, Vietnam

Tanant Suwanraks
Vice President and General Manager, Thailand, Laos and Cambodia

Keerati Chulplang
General Manager, Myanmar

Taufiqurrahman Basthami ST
General Manager, Indonesia

Maria Sarah P. Albert
General Manager, International Trading Operations (ITO)

Teofilo B. Eugenio, Jr.
Vice President & General Manager, Nissin URC and Pasta

Eva Lusiana
General Manager, Danone URC

Carlo Angelo M. Licuanan
General Manager, Vitasoy URC

Corporate Directory

Philippines

Universal Robina Corporation

8th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

T: +63 2 8516-9888
https://www.urc.com.ph/

Agro-Industrial Group

16 Santiago St., Bagong Ilog, Pasig City

T/F: +63 2 8671-8194

Flour Division

9th Floor, Zeta Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

T: + 63 2 8672-1553 to 54
T: +63 2 8672-1574
T: +63 2 8672-1587

Sugar and Renewables Group

6th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

Investor Relations

6th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road)
Ugong Norte, Quezon City

T: +63 2 8516-9888
IR@urc.com.ph

Independent Public Accountants

Sycip Gorres Velayo & Co
Certified Public Accountants

SGV Building 6760 Ayala Avenue Makati City

Stock Transfer and Dividend Paying Agent

BDO Unibank, Inc.
Trust and Investment Group

14th Floor, BDO Towers Valero, 8741 Paseo De Roxas, Makati City

International

China

URC China Commercial Co., Ltd.

Unit-H, 20th Floor, Kaikai Building, No. 888 Wanhangdu Road, Jing-an District 200042, Shanghai, People's Republic of China

T: +86 21 5290-1367

Hong Kong

URC Hong Kong Co. Ltd.

Unit 2906, 29/F, Prosperity Center, 25 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong

T: +852 2717-1478
T: +852 2717-1997
F: +852 2772-7052

Indonesia

PT URC Indonesia Head Office / Factory

Jl. Sulawesi Blok M-27 MM2100 Industrial Town, Cikarang Barat, Bekasi 17530 Indonesia

T: +62 21 8998-2585
F: +62 21 8998-1625

PT URC Indonesia Marketing & Sales Office

Menara Hijau, Floor 6, Jl. MT Haryono Kav. 33, Jakarta 12770 Indonesia

T: +62 21 7919-2009
F: +62 21 798-5875

Malaysia

Munchworld Marketing Sdn Bhd

Centro Building, 23rd Floor, 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor, Malaysia

T: +60 3 3344-7888

URC Snack Foods (Malaysia) Sdn Bhd

PLO 370 Jalan Perak Tiga, Kawasan Perindustrian, Pasir Gudang, 81700 Pasir Gudang, Johor Bahru, Malaysia

T: +60 7 259-8000

URC Snack Foods (Malaysia) Sdn Bhd

Lot 9366, Batu 7, Simpang 3, Tongkang Pecah, 83010 Batu Pahat, Johor, Malaysia

T: +60 7 415-3322

International

Myanmar

URC Myanmar Co., Ltd

Plot No. B-6 and B-7, Mingaladon Industrial Park,
Mingaladon Township, Yangon, Myanmar

T: +95 1 639-1025

Singapore

URC Foods (Singapore) Pte Ltd

168 Tagore Lane, Singapore 787574

T: +65 6552-0314
F: +65 6552-0127

Thailand

URC (Thailand) Co., Ltd. Head Office

44,46 Rajpattana Road, Khwang Rajpattana, Khet Sapansung,
Bangkok, 10240 Thailand

T: +66 2 517-4800
F: +66 2 517-1616

URC (Thailand) Co., Ltd. Factory

Samutsakorn Industrial Estate, 39/68 Moo2, Bang Krachao sub district, Mueang Samut Sakhon district, Samut Sakhon 74000

T: +66 34 490-0314

Vietnam

URC Viet Nam Co. Ltd. Head Office / Factory

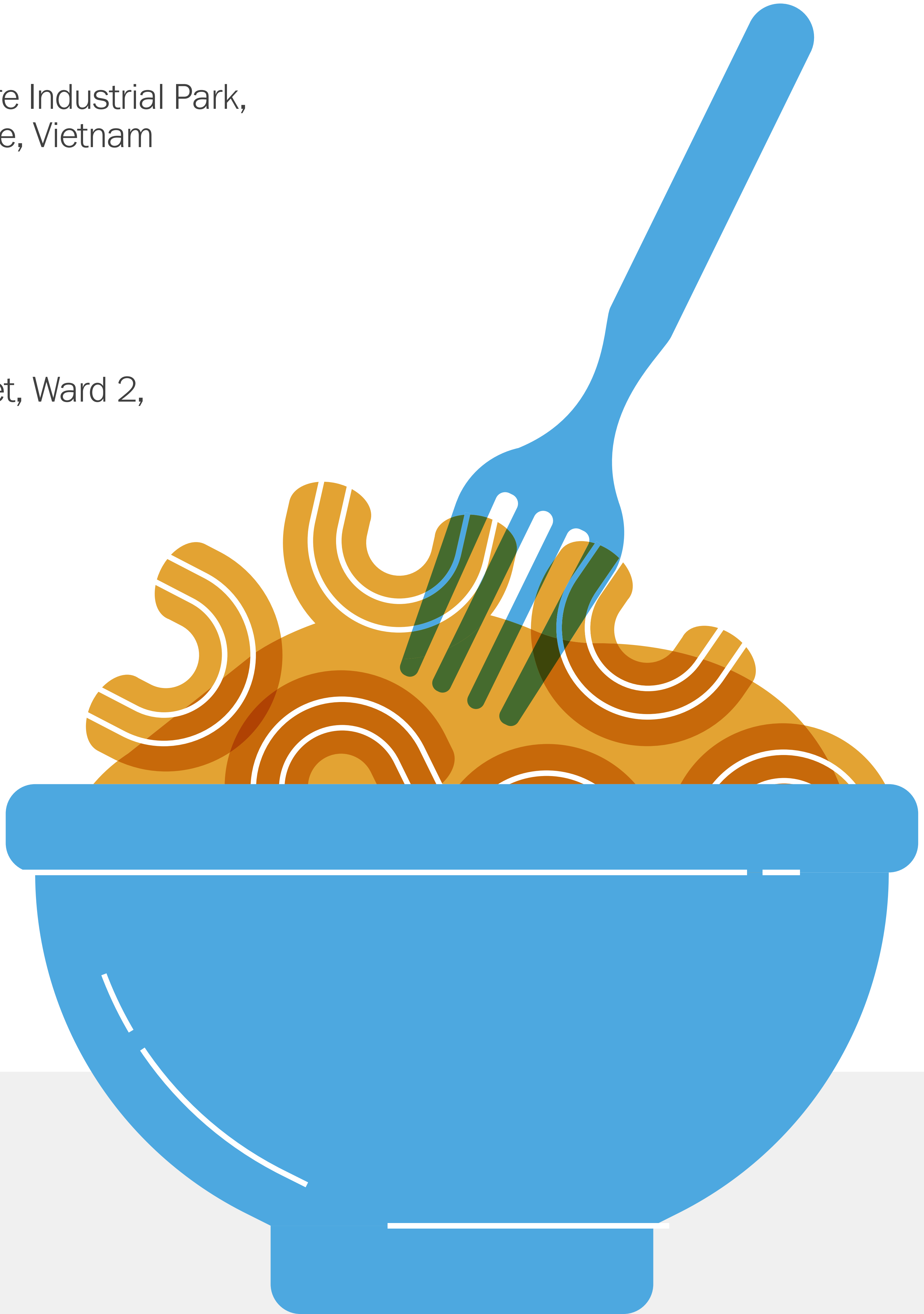
No. 42, VSIP Tu Do Boulevard, Vietnam Singapore Industrial Park,
An Phu Ward, Thuan An City, Binh Duong Province, Vietnam

T: +84 274 376-7010
F: +84 274 376-7025

URC Viet Nam Co. Ltd. Ho Chi Minh City Office

9th Floor, Vietjet Plaza, No.60A Truong Son Street, Ward 2,
Tan Binh District, Ho Chi Minh City, Vietnam

T: +84 28 6296-9676
F: +84 28 6296-9675



GRI Index

ESG Index

Economic Value Generated and Distributed

GRI Standard	Disclosure	Quantity	Units
GRI 201-1a	Direct economic value generated (revenue)	158,697	In million PHP
	Direct economic value distributed:	154,864	In million PHP
	a. Employee wages and benefits	17,457	In million PHP
	b. Payments to suppliers, other operating costs	122,203	In million PHP
	c. Dividends given to stockholders and interest payments to loan providers	9,986	In million PHP
	d. Taxes given to government	5,198	In million PHP
	e. Investments to community (e.g. donations & CSR)	20	In million PHP

- *Note: Employee wages and benefits include salaries and wages, other employee benefits, pension expense, direct labor under cost of goods sold (COGS) and contracted services*
- *Payments to suppliers and other operating costs include cost of sales, operating expense (excluding personnel cost, direct labor under COGS, contracted services, licenses and taxes), net foreign exchange gains (losses), market valuation loss on financial assets and liabilities at fair value through profit or loss – net, other income (expense)*
- *Dividends given to stockholders and interest payments to loan providers include dividends paid and finance cost*
- *Taxes given to government include provision for income tax and payments to government (taxes and licenses)*
- *Investment to community include key significant community engagement initiatives, food and beverage conducted by the company within the year*
- *Gross revenue includes sale from goods and services, and finance revenues*

Proportion of Spending on Local Suppliers

GRI Standard	Disclosure	Units	2022	2023
GRI 204-1a	Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	%	**61**	**55**

Note: Data covers BCF-PH and BCF-INT which composed of direct materials (raw material and packaging material) only

Training on Anti-Corruption Policies and Procedures

GRI Standard	Disclosure	Quantity	Units
GRI 205-2	Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to[1]	100	%
	Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2]	100	%
	Number of directors and management that have received anti-corruption training	100	%
	Percentage of employees that have received anti-corruption training	100	%

Note:
[1] 100% of new employees undergo onboarding training. The Code of Business Conduct and Offenses Subject to Disciplinary Action are part of the onboarding presentation. These policies and programs are also made available online for easy access to the rest of the employees for their reference and guidance.
[2] This accounts for total suppliers to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.

Incidents of Corruption

GRI Standard	Disclosure	Quantity	Units
GRI 205-3	Number of incidents in which directors were removed or disciplined for corruption	0	#
	Number of incidents in which employees were dismissed or disciplined for corruption	0	#
	Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Energy Consumption within the Organization

GRI Standard	Disclosure	Units	2022	2023
GRI 302-1a, GRI 302-1b, GRI 302-1e	Energy consumption (Renewable sources)[1]	GJ	1,414,399	1,770,018
		%	20	24
	Energy consumption (Electricity from non-renewable)	GJ	948,192	832,217
		%	13	11
	Energy consumption (Fossil fuel)[2]	GJ	4,754,917	4,771,391
		%	67	65
	Energy consumption (Total)	GJ	7,117,508	7,373,626
	Energy Use Ratio (EUR) [3]	GJ/MT	2.65	2.70
	Energy Intensity	GJ/MnPHP	47.48	46.56

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)
[1] Renewable sources include power generated from solar, biomass/biogas owned facilities, and electricity purchased from the renewable energy sources
[2] Fossil fuel includes diesel, bunker, LPG, LNG, CNG used in operations and gasoline used in company-owned vehicles
[3] EUR is the measurement of energy consumption in relation to production volume

Water Consumption within the Organization

GRI Standard	Disclosure	Units	2022	2023
GRI 303-3a, GRI 303-5a	Water withdrawal[1]	Cubic meters	17,909,980	18, 146,638
	Water consumption[2]	Cubic meters	12,719,238	10,830,007
	Water recycled and reused[3]	Cubic meters	707,810	939,100
	Water intensity	Cubic meters / MnPHP	85	68
	Water Use Ratio (WUR)[4]	Cubic meters /tonne	6.62	6.82

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)
[1] Water withdrawal is the volume of water extracted from ground water, surface water, sea water and third-party water
[2] Water consumption is computed as the difference between water withdrawal vs water discharge (found in effluents section)
[3] Water recycled and re-used is the volume of water from wastewater and rainwater recovery
[4] WUR is the measurement of water consumption in relation to production volume

Greenhouse Gas Emissions

GRI Standard	Disclosure	Units	2023
GRI 305-1a, GRI 305-2a, GRI 305-6a	Direct (Scope 1) GHG Emissions	Tonnes CO2e	337,953
	Energy indirect (Scope 2) GHG Emissions[1]	Tonnes CO2e	136,665
	Total (Scope 1 + Scope 2) GHG Emissions	Tonnes CO2e	474,618
	GHG Intensity	Tonnes CO2e/MnPHP	2.99
	Emissions of ozone-depleting substances (ODS)[2]	Tonnes	23.87

Other Materials used by the Organization

GRI Standard	Disclosure	Units	2023
GRI 301-1a	Materials used by weight or volume		
	• Renewable[1]	Tonnes	1,113,662
	• Non-Renewable[2]	Tonnes	1,670
	Percentage of recycled input materials used to manufacture the organization's primary products and services[3]	%	6.87

Note:
Data covers selected input materials needed for the manufacturing process but are not part of the final product. These include the process materials used as alternative fuel to generate energy and RPET materials.
Scope is total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)
[1] Renewable materials pertain to coffee spent ground, spent tea leaves, bagasse, spent wash, molasses, chicken manure, and pit dung used as alternative fuel
[2] Non-renewable materials pertain to re-grind PET bottles reused to mix with virgin resin for bottle making of BCF-PH.
[3] Percentage of recycled input materials is computed as the amount of re-grind PET used as feedstock divided by the total input materials (virgin resin + re-grind PET).

Ecosystems and Biodiversity (whether in upland/watershed or coastal/marine)

GRI Standard	Disclosure	Quantity	Units	Boundaries
GRI 304	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	12.548	Ha	CMC Davao Flour Mill is located in Sasa Davao City, Davao del Sur situated on the gulf's west coast. Davao city is among the four provinces that surrounds Davao Gulf which is conserved as Key Biodiversity Area. Davao Gulf situated in the southeastern part of Mindanao is one of the priority conservation areas of the Sulu-Sulawesi Marine Ecoregion. It is a breeding and nursery ground for small and large species, with frequent sightings of whale sharks, dugongs and leatherback turtles, among the list of species cited in the Convention on the International Trade of Endangered Species *(Source: World Wildlife Fund)*
	Habitats protected or restored	20,959	Seedlings	URC-wide tree planting and nurturing activities were conducted across different sites.
	IUCN Red List species and national conservation list species with habitats in areas affected by operations	0	#	The company has no operations affecting the habitats of species listed in IUCN Red list species and national conservation list species.

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)

Air Pollutants

GRI Standard	Disclosure[1]	Units	2023
GRI 305-7a	NOx	Tonnes	168.14
	SOx	Tonnes	151.46
	Persistent organic pollutants (POPs)	-	
	Volatile organic compounds (VOCs)	-	
	Hazardous air pollutants (HAPs)	-	
	Particulate matter (PM)	Tonnes	99.6

- Data covers information from air pollution sources equipment (APSE) specifically from the boilers and gensets of URC with air emission test results in 2023 conducted by a DENR Accredited Laboratory
- Per National Emission Standards for Source Specific Air Pollutants, all the emission test result expressed in mg/Nm3 were within the set standard of DENR EMB.
- URC's boilers, generator sets and company-owned vehicles undergo mandatory emission testing as mandated by the DENR and Land Transportation Office. Moving forward, URC will evaluate and determine appropriate monitoring process as part of the continuous alignment with the Clean Air Act.

Solid Waste

GRI Standard	Disclosure	Units	2022	2023
GRI 306-3 **GRI 306-4**	Total solid waste generated	Tonnes	2,946,862	2,454,593
	Recyclable (Biodegradables[1] and Non-Biodegradables[2])	Tonnes	945,024	616,318
	Incinerated	Tonnes	0	0
	Residual/Landfilled[3]	Tonnes	20,713	24,329
	Renewable[4]	Tonnes	1,981,125	1,813,946

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines).
[1] Biodegradable waste originated from plant or animal sources which may be broken down by other living organisms
[2] Non-biodegradable wastes were sold as scrap or returned to the recycling stream (e.g.: plastic containers, rubber, and metal)
[3] Residual/Landfilled – non-potential and non-recoverable waste that are disposed to sanitary landfill.
[4] Renewable are waste materials used as alternative fuel to generate the company's own energy (e.g.: Coffee Spent Grounds used as alternative fuel to boiler to produce steam for the production)

Hazardous Waste

GRI Standard	Disclosure	Units	2022	2023
GRI 306-5b	Total weight of hazardous waste generated[1]	Tonnes	818	618
	Total weight of hazardous waste transported[2]	Tonnes	614	375

Note:
[1]Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG)
[2] Data covers information of BCF-PH, BCF-INTL, Flour, SURE, AIG)
The difference in the quantity of hazardous waste generated and transported was stored in the DENR prescribe Hazardous Waste Storage onsite waiting for schedule of transport and treatment.

Effluents

GRI Standard	Disclosure	Units	2022	2023
GRI 303-4	Total volume of water discharges	Cubic meters	5,190,742	7,316,632
	Percent of wastewater recycled[1]	%	14%	13%

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and External Distribution Centers in the Philippines)
[1] Percent of wastewater is computed as the total volume of water recycled and reused over the total volume of water discharges.

Employee Data

GRI Standard	Disclosure	Quantity	Units
GRI 405-1b	Total number of employees	13,171	#
	By Gender		
	a. Number of female employees	4,157	#
	b. Number of male employees	9,014	#
	By Age Group		
	a. Gen Z (26 and below)	1,940	#
	b. Millennial (27-41)	7,127	#
	c. Gen X (42-56)	3,687	#
	d. Baby Boomer (57 and up)	417	#
	By Contract Type		
	a. Regular	11,605	#
	b. Consultant, FTE & Project based	913	#
	c. Probationary	653	#
	By Length of Tenure		
	a. < 1 years	1,556	#
	b. 1-3 years	2,037	#
	c. 3-5 years	1,628	#
	d. 5-7 years	1,644	#
	e. 7+ years	6,306	#
	By Rank		
	a. Executive/Senior Management	105	#
	b. Rank & File	7,733	#
	c. Supervisor	1,633	#
	d. Manager	987	#
	e. Seasonal	378	#
	f. Professional / Technical	2,335	#
	By Business Unit		
	a. BCF PH	3,989	#
	b. BCF International	5,370	#
	c. AIG	644	#
	d. Flour	397	#

	e. SURE	2,247	#
	f. Main	524	#
	Attrition rate[1]	9.2	%
	Ratio of lowest paid employee against minimum wage[2]	1:1	Ratio

Note: Data covers the total number of URC regular employees as of December 31, 2023

[1]Attrition rate is the total voluntary turnover of current year over average total no. of employees of current year (including new hires for the year)

[2] The ratio is based on the comparison between the wage of the lowest paid employee (base fare) and the minimum wage on the specific region. URC is compliant with the minimum wage requirement. Other compensation provided to regular employees are indicated in the table below.

Data for New Hires

GRI Standard	Disclosure	Quantity	Units
GRI 401-1a	**Data for New Hires**		
	By Gender		
	a. Number of female employees	585	#
	b. Number of male employees	1,134	#
	By Age Group		
	a. Gen Z (26 and below)	440	#
	b. Millennial (27-41)	558	#
	c. Gen X (42-56)	100	#
	d. Baby Boomer (57 and up)[3]	19	#
	By Contract Type		
	a. Permanent or indefinite	981	#
	b. Temporary or Fixed Term	136	#

Note: Data covers the total number of URC regular employees as of December 31, 2023

Turnover

GRI Standard	Disclosure	Quantity	Units
GRI 401-1b	**Turnover**		
	By Permanent Employees		
	a. Female	494	#
	b. Male	718	#
	By Age Group		
	a. Gen Z (26 and below)	372	#
	b. Millennial (27-41)	685	#
	c. Gen X (42-56)	132	#
	d. Baby Boomer (57 and up)[3]	23	#
	By Rank		
	a. Executives / Senior Management	10	#
	b. Middle Managers and Supervisors	237	#
	c. Rank-and-file permanent	604	#
	d. Professional / Technical	361	#
	By Contract Type		
	a. Voluntary	1,212	#
	b. Involuntary	637	#

Note: Data covers the total number of URC regular employees as of December 31, 2023,
The breakdown of turn-over data by permanent employees, age group and rank cover voluntary only.

Employee Benefits

GRI Standard	List of Benefits[1]	Y/N	Type of Data	% of Female Employees	% of Male Employees
GRI 401-2a, GRI 401-3	SSS	Y	Covered	100%	100%
	PhilHealth	Y	Covered	100%	100%
	Pag-ibig	Y	Covered	100%	100%
	Parental leaves	Y	Covered	100%	100%
	Vacation leaves	Y	Covered	100%	100%
	Sick leaves	Y	Covered	100%	100%
	Medical benefits (aside from PhilHealth)	Y	Covered	100%	100%
	Housing assistance/ Provision for Staff Houses (aside from Pag-ibig)[2]	Y	Availing	3%	3%
	Retirement fund (aside from SSS)	Y	Covered	100%	100%
	Further education support (company loans for education)	Y	Covered	100%	100%
	Company stock options	N		0%	0%
	Telecommuting[3]	Y	Covered	12%	12%
	Flexible-working Hours[3]	Y	Covered	12%	12%
	(Others)				
	Group Life Insurance	Y	Covered	100%	100%
	Christmas Package	Y	Covered	100%	100%
	Subsidies for motivational programs such as company outing, Christmas party, sports fest, and family day	Y	Covered	100%	100%
	Company Loans for Emergencies	Y	Covered	100%	100%
	Special Leaves such as Emergency and Nuptial Leave	Y	Covered	100%	100%

Note:
[1] The information covers the total number of URC PH regular employees
[2] Data on housing assistance are only applicable to selected AIG, Flour, and SURE employees
[3] Applicable to employees working in the head office

Employee Training and Development

GRI Standard	Disclosure	Quantity	Units
GRI 404-1	Total training hours provided to employees	351,742.76	hours
	Average training hours provided to employees	26.50	hours/employee

Note: Data covers the total number of URC regular employees who underwent training in 2023.
No breakdown between male and female in 2023. However, starting 2024, data on gender has been included in the monitoring of all trainings attended/ provided.

Diversity and Equal Opportunity

GRI Standard	Disclosure	Quantity	Units
GRI 405-1b	% of female workers in the workforce	32	%
	% of male workers in the workforce	68	%
	Number of employees from indigenous communities and/or Sector	currently not tracked	#

Note: Data covers the total number of URC regular employees who underwent training in 2023.
No breakdown between male and female in 2023. However, starting 2024, data on gender has been included in the monitoring of all trainings attended/ provided.

Occupational Health and Safety

GRI Standard	Disclosure	2023	Units
GRI 403-9	Total Man-Hours[1]	74,086,688	Man-hours
	No. of work-related injuries[2]	286	#
	No. of work-related fatalities	3	#
	No. of work-related ill-health	-	#
	No. of safety drills	143	#
	LTIFR	1.01	
	AIFR	3.86	

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)
[1] Total man-hours are the number of hours worked in the reporting period. These includes regular employees and third-party employees that are performing work in the workplace that is controlled by the organization
[2] Number of work-related injuries include First-Aid Treatment Injury (FTI), Medical Treatment Injury (MTI), and Lost-time

Product Health and Safety

GRI Standard	Disclosure	Quantity	Units
GRI 416-2	No. of substantiated complaints on product or service health and safety	0	#
	No. of complaints addressed	0	#

Marketing and Labelling

GRI Standard	Disclosure	Quantity	Units
GRI 417-2, GRI 417-3	No. of substantiated complaints on marketing and labelling	0	#
	No. of complaints addressed	0	#

Customer/Consumer Privacy

GRI Standard	Disclosure	Quantity	Units
GRI 418-1a	No. of substantiated complaints on customer privacy	In URC, its customers are defined as key accounts and exclusive distributors. It will ensure that the account management process handles account/customer information with strict confidentiality. Therefore, this area is not applicable.	#
	No. of complaints addressed		#
	No. of customers, users and account holders whose information is used for secondary purposes		#

Data Security

GRI Standard	Disclosure	Quantity	Units
GRI 418-1b	No. of data breaches, including leaks, thefts and losses of data	0	#

Financial Statements

Universal Robina Corporation and Subsidiaries

Consolidated Financial Statements
As of December 31, 2023 and 2022
and for the years ended December 31, 2023, 2022,
and 2021

and

Independent Auditor’s Report

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Universal Robina Corporation

Opinion

We have audited the consolidated financial statements of Universal Robina Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023 and the notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is one that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter below was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill and Intangible Assets

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to perform annual impairment tests on its goodwill and intangible assets with indefinite useful lives. As of December 31, 2023, the Group's goodwill amounted to ₱18.48 billion. The Group's intangible assets with indefinite useful lives consist of brands and trademarks, trade secrets and product formulation amounting to ₱2.85 billion, ₱1.30 billion and ₱0.43 billion, as of December 31, 2023, respectively. The annual impairment test is significant to our audit because: (a) the balances of goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements; and (b) the determination of the recoverable amount of the cash-generating units (CGUs) to which goodwill is attributed, and as it relates to the other intangible assets with indefinite useful lives, involves significant management judgment and assumptions about the future results of the business. The significant assumptions used in determining the recoverable amounts of these assets, specifically revenue growth rate, discount rate and the terminal growth rate that are applied to the cash flow forecasts, are subject to higher level of estimation uncertainty due to the current economic conditions.

The Group's disclosures about goodwill and other intangible assets with indefinite lives are included in Notes 3 and 14 to the consolidated financial statements.

Audit response
We obtained an understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialists in evaluating the methodology and the assumptions used in the value in use calculations. These assumptions include revenue growth rate, discount rate and the terminal growth rate. We compared the key assumptions used against the historical performance of the cash generating unit (CGU), industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets with indefinite useful lives.

Implementation of new information technology (IT) system

During the year, the Group implemented a new IT system across all business units and operating subsidiaries within Philippines. The implementation of the new IT system required significant data migration of the Parent Company's customers, vendors, materials and fixed assets information file from the legacy system to the new system. It also introduced changes to its order-to-cash process, purchase-to-pay process, fixed assets management, and financial statement close process, among others. The implementation of the new IT system forms a critical component of the Parent Company's financial reporting activities and impacts all account balances. The Parent Company places significant reliance on IT systems and the associated controls. Hence, we considered the implementation of a new IT system as a key audit matter.

Audit response
We considered the Group's processes and project governance over the new system implementation.

We involved IT specialists to test the controls over change management and the migration of key financial data from the legacy IT system to the new IT system. We also tested the general IT control environment in the new IT system, including access controls and segregation of duties as well as relevant automated controls critical to financial accounting and reporting process.

In addition, we tested management's reconciliation of the account balances migrated between the two IT systems.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may casts significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Juan Carlo B. Maminta

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079968, January 6, 2024, Makati City

April 15, 2024

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱12,187,507,197**	₱13,251,218,657
Financial assets at fair value through profit or loss (Note 8)	**1,002,776,456**	834,807,019
Receivables (Note 9)	**22,870,122,822**	21,955,634,905
Inventories (Note 10)	**45,858,673,170**	38,064,661,840
Biological assets (Note 13)	**111,278,386**	205,303,346
Other current assets (Note 11)	**7,476,335,534**	5,843,068,721
	89,506,693,565	80,154,694,488
Noncurrent Assets		
Property, plant and equipment (Note 12)	**62,410,460,542**	60,117,371,432
Right-of-use assets (Note 34)	**1,302,666,055**	2,001,572,293
Biological assets (Note 13)	**160,655,341**	205,740,429
Goodwill (Note 14)	**18,479,756,391**	19,363,084,093
Intangible assets (Note 14)	**5,186,976,216**	4,864,394,301
Investments in joint ventures (Note 15)	**99,348,953**	138,060,136
Deferred tax assets (Note 29)	**969,017,202**	450,002,299
Other noncurrent assets (Note 16)	**2,186,125,453**	2,658,709,936
	90,795,006,153	89,798,934,919
TOTAL ASSETS	**₱180,301,699,718**	₱169,953,629,407

(Forward)

	December 31	
	2023	2022
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other accrued liabilities (Note 18)	**₱29,653,791,359**	₱25,480,972,213
Short-term debts (Notes 17 and 19)	**16,516,814,596**	11,762,287,539
Trust receipts payable (Notes 10 and 19)	**10,172,836,289**	11,457,712,536
Income tax payable	**594,196,429**	426,388,653
Lease liabilities - current portion (Note 34)	**180,306,646**	273,499,481
	57,117,945,319	49,400,860,422
Noncurrent Liabilities		
Deferred tax liabilities (Note 29)	**2,124,257,609**	2,161,335,900
Lease liabilities - net of current portion (Note 34)	**1,262,261,490**	2,001,355,296
Net pension liability (Note 28)	**1,305,372,148**	419,736,694
	4,691,891,247	4,582,427,890
	61,809,836,566	53,983,288,312
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 19)	**23,422,134,732**	23,422,134,732
Retained earnings (Note 19)	**99,509,790,832**	95,304,192,226
Other comprehensive income (Note 20)	**3,702,389,026**	5,333,718,849
Equity reserve (Note 19)	**(5,077,957,067)**	(5,062,245,488)
Treasury shares (Note 19)	**(3,776,894,316)**	(3,652,109,120)
	117,779,463,207	115,345,691,199
Equity attributable to non-controlling interest (Note 19)	**712,399,945**	624,649,896
	118,491,863,152	115,970,341,095
TOTAL LIABILITIES AND EQUITY	**₱180,301,699,718**	₱169,953,629,407

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
CONTINUING OPERATIONS			
SALE OF GOODS AND SERVICES (Notes 21 and 32)	**₱158,366,708,572**	₱149,903,643,832	₱116,954,788,444
COST OF SALES (Note 21)	**115,359,155,729**	110,686,464,075	83,489,653,157
GROSS PROFIT	**43,007,552,843**	39,217,179,757	33,465,135,287
Selling and distribution costs (Note 22)	**20,341,961,847**	18,608,820,271	16,082,615,159
General and administrative expenses (Note 23)	**5,313,363,527**	5,384,755,135	4,666,125,109
OPERATING INCOME	**17,352,227,469**	15,223,604,351	12,716,395,019
Finance costs (Note 27)	**(1,587,829,757)**	(806,175,065)	(573,284,799)
Finance revenue (Note 26)	**330,038,326**	295,018,267	255,372,110
Equity in net losses of joint ventures (Note 15)	**(287,249,905)**	(378,967,690)	(91,077,671)
Net foreign exchange gains	**262,146,849**	383,483,794	346,265,153
Provision for credit and impairment losses (Notes 9 and 12)	**(235,885,792)**	(327,038,490)	(572,219,061)
Market valuation gain on financial assets at fair value through profit or loss - net (Note 8)	**172,313,735**	70,404,256	87,194,548
Other income (losses) - net (Notes 12, 16 and 18)	**(320,993,286)**	3,011,156,673	2,375,334,123
INCOME BEFORE TAX FROM CONTINUING OPERATIONS	**15,684,767,639**	17,471,486,096	14,543,979,422
PROVISION FOR INCOME TAX (Note 29)	**2,980,167,769**	3,000,198,031	1,578,671,226
NET INCOME FROM CONTINUING OPERATIONS	**12,704,599,870**	14,471,288,065	12,965,308,196
DISCONTINUED OPERATIONS			
NET INCOME AFTER TAX FROM DISCONTINUED OPERATIONS (Note 30)	**–**	–	11,280,571,602
NET INCOME	**₱12,704,599,870**	₱14,471,288,065	₱24,245,879,798
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the parent (Note 31)	**₱12,091,292,370**	₱13,956,141,883	₱23,323,672,422
Non-controlling interests (Notes 15 and 19)	**613,307,500**	515,146,182	922,207,376
	₱12,704,599,870	₱14,471,288,065	₱24,245,879,798
EARNINGS PER SHARE (Note 31)			
Basic/diluted, for income attributable to equity holders of the parent	**₱5.55**	₱6.39	₱10.58

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱12,704,599,870**	₱14,471,288,065	₱24,245,879,798
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments (Note 20)	**(1,215,578,084)**	1,929,092,653	1,294,472,221
Gain on cash flow hedge (Note 20)	**–**	–	31,878,965
	(1,215,578,084)	1,929,092,653	1,326,351,186
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plans (Notes 20 and 28)	**(612,915,087)**	230,091,870	644,591,283
Income tax effect	**153,228,771**	(57,522,968)	(207,839,764)
Unrealized gain on financial assets at fair value through other comprehensive income (Notes 16 and 20)	**15,150,000**	24,850,000	5,830,000
	(444,536,316)	197,418,902	442,581,519
OTHER COMPREHENSIVE INCOME (LOSS)	**(1,660,114,400)**	2,126,511,555	1,768,932,705
TOTAL COMPREHENSIVE INCOME	**₱11,044,485,470**	₱16,597,799,620	₱26,014,812,503
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent	**₱10,460,971,155**	₱16,023,431,472	₱24,856,084,867
Non-controlling interests	**583,514,315**	574,368,148	1,158,727,636
	₱11,044,485,470	₱16,597,799,620	₱26,014,812,503

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent													
	Paid-up Capital (Note 19)				Other Comprehensive Income (Loss) (Note 20)									
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unappropriated Retained Earnings	Cumulative Translation Adjustments (Note 20)	Net Unrealized Gain (Loss) on Financial Assets at FVOCI (Note 16)	Unrealized Gain (Loss) on Cash Flow Hedge	Remeasurement Gain (Loss) on Defined Benefit Plans	Total Other Comprehensive Income (Loss)	Equity Reserve (Note 19)	Treasury Shares (Note 19)	Total	Equity Attributable to Non-controlling Interest (Notes 15 and 19)	Total Equity
Balances as at January 1, 2023	**₱2,230,160,190**	**₱21,191,974,542**	**₱23,422,134,732**	**₱95,304,192,226**	**5,290,601,426**	**₱84,360,000**	**₱–**	**(₱41,242,577)**	**₱5,333,718,849**	**(₱5,062,245,488)**	**(₱3,652,109,120)**	**₱115,345,691,199**	**₱624,649,896**	**₱115,970,341,095**
Net income for the year	**–**	**–**	**–**	**12,091,292,370**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,091,292,370**	**613,307,500**	**12,704,599,870**
Other comprehensive income	**–**	**–**	**–**	**–**	**(1,187,909,063)**	**15,150,000**	**–**	**(457,562,152)**	**(1,630,321,215)**	**–**	**–**	**(1,630,321,215)**	**(29,793,185)**	**(1,660,114,400)**
Total comprehensive income	**–**	**–**	**–**	**12,091,292,370**	**(1,187,909,063)**	**15,150,000**	**–**	**(457,562,152)**	**(1,630,321,215)**	**–**	**–**	**10,460,971,155**	**583,514,315**	**11,044,485,470**
Cash dividends (Note 19)	**–**	**–**	**–**	**(7,885,693,764)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,885,693,764)**	**(512,050,000)**	**(8,397,743,764)**
Acquisition of additional interest in a subsidiary (Note 19)	**–**	**–**	**–**	**–**	**(1,008,608)**	**–**	**–**	**–**	**(1,008,608)**	**(15,711,579)**	**–**	**(16,720,187)**	**16,285,734**	**(434,453)**
Purchase of treasury shares (Note 19)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(124,785,196)**	**(124,785,196)**	**–**	**(124,785,196)**
Balances as at December 31, 2023	**₱2,230,160,190**	**₱21,191,974,542**	**₱23,422,134,732**	**₱99,509,790,832**	**₱4,101,683,755**	**₱99,510,000**	**₱–**	**(₱498,804,729)**	**₱3,702,389,026**	**(₱5,077,957,067)**	**(₱3,776,894,316)**	**₱117,779,463,207**	**₱712,399,945**	**₱118,491,863,152**
Balances as at January 1, 2022	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱88,907,647,831	₱3,417,686,647	₱59,510,000	₱–	(₱210,767,387)	₱3,266,429,260	(₱5,075,466,405)	(₱1,099,761,235)	₱109,420,984,183	₱346,749,649	₱109,767,733,832
Net income for the year	–	–	–	13,956,141,883	–	–	–	–	–	–	–	13,956,141,883	515,146,182	14,471,288,065
Other comprehensive income	–	–	–	–	1,872,914,779	24,850,000	–	169,524,810	2,067,289,589	–	–	2,067,289,589	59,221,966	2,126,511,555
Total comprehensive income	–	–	–	13,956,141,883	1,872,914,779	24,850,000	–	169,524,810	2,067,289,589	–	–	16,023,431,472	574,368,148	16,597,799,620
Cash dividends (Note 19)	–	–	–	(7,559,597,488)	–	–	–	–	–	–	–	(7,559,597,488)	(295,470,000)	(7,855,067,488)
Acquisition of new subsidiary (Note 19)	–	–	–	–	–	–	–	–	–	13,220,917	–	13,220,917	–	13,220,917
Derecognition of noncontrolling interest	–	–	–	–	–	–	–	–	–	–	–	–	(997,901)	(997,901)
Purchase of treasury shares (Note 19)	–	–	–	–	–	–	–	–	–	–	(2,552,347,885)	(2,552,347,885)	–	(2,552,347,885)
Balances as at December 31, 2022	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱95,304,192,226	₱5,290,601,426	₱84,360,000	₱–	(₱41,242,577)	₱5,333,718,849	(₱5,062,245,488)	(₱3,652,109,120)	₱115,345,691,199	₱624,649,896	₱115,970,341,095
Balances as at January 1, 2021	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱70,448,067,424	₱2,344,845,823	₱53,680,000	(₱19,127,379)	(₱645,381,629)	₱1,734,016,815	(₱2,665,824,256)	(₱679,489,868)	₱92,258,904,847	₱5,525,257,087	₱97,784,161,934
Net income for the year	–	–	–	23,323,672,422	–	–	–	–	–	–	–	23,323,672,422	922,207,376	24,245,879,798
Other comprehensive income	–	–	–	–	1,072,840,824	5,830,000	19,127,379	434,614,242	1,532,412,445	–	–	1,532,412,445	236,520,260	1,768,932,705
Total comprehensive income	–	–	–	23,323,672,422	1,072,840,824	5,830,000	19,127,379	434,614,242	1,532,412,445	–	–	24,856,084,867	1,158,727,636	26,014,812,503
Cash dividends (Note 19)	–	–	–	(7,273,734,164)	–	–	–	–	–	–	–	(7,273,734,164)	(433,650,000)	(7,707,384,164)
Acquisition of new subsidiary (Note 15)	–	–	–	–	–	–	–	–	–	–	–	–	341,291,632	341,291,632
Derecognition of noncontrolling interest (Note 30)	–	–	–	–	–	–	–	–	–	–	–	–	(6,244,876,706)	(6,244,876,706)
Reclass of equity reserves (Note 19)	–	–	–	2,409,642,149	–	–	–	–	–	(2,409,642,149)	–	–	–	–
Purchase of treasury shares (Note 19)	–	–	–	–	–	–	–	–	–	–	(420,271,367)	(420,271,367)	–	(420,271,367)
Balances as at December 31, 2021	₱2,230,160,190	₱21,191,974,542	₱23,422,134,732	₱88,907,647,831	₱3,417,686,647	₱59,510,000	₱–	(₱210,767,387)	₱3,266,429,260	(₱5,075,466,405)	(₱1,099,761,235)	₱109,420,984,183	₱346,749,649	₱109,767,733,832

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱15,684,767,639**	₱17,471,486,096	₱14,543,979,422
Income before income tax from discontinued operations (Note 30)	**–**	–	11,599,742,265
Income before income tax	**15,684,767,639**	17,471,486,096	26,143,721,687
Adjustments for:			
Depreciation and amortization (Note 24)	**6,403,094,767**	6,288,252,700	6,964,546,747
Finance costs (Notes 27 and 30)	**1,587,829,757**	806,175,065	1,313,541,255
Finance revenue (Notes 26 and 30)	**(330,038,326)**	(295,018,267)	(272,412,394)
Equity in net losses of joint ventures (Note 15)	**287,249,905**	378,967,690	91,077,671
Net foreign exchange gains (Note 30)	**(262,146,849)**	(383,483,794)	(357,418,904)
Provision for credit and impairment losses (Notes 9 and 12)	**235,885,792**	327,038,490	572,219,061
Pension expense (Notes 25 and 28)	**230,779,575**	241,735,564	313,644,955
Market valuation gain on financial assets at fair value through profit or loss (Note 8)	**(172,313,735)**	(70,404,256)	(87,194,548)
Gain on sale/disposals of property, plant and equipment and investment property (Notes 12 and 16)	**(18,396,199)**	(3,281,365,960)	(3,183,838,706)
Gain arising from changes in fair value less estimated costs to sell of biological assets (Note 13)	**(336,172)**	(311,493)	(2,550,156)
Gain on sale of business (Note 30)	**–**	–	(10,100,438,582)
Unamortized debt issue cost recognized as expense on pre- termination of long-term debts	**–**	–	92,120,744
Loss on sale of financial assets at fair value through other comprehensive income	**–**	–	580,000
Operating income before working capital changes	**23,646,376,154**	21,483,071,835	21,487,598,830
Decrease (increase) in:			
Receivables	**(3,219,024,635)**	(2,605,431,253)	(471,993,520)
Inventories	**(7,749,911,815)**	(10,122,658,594)	(4,118,047,111)
Biological assets	**1,687,035**	(228,333,481)	(149,317,080)
Other current assets	**(1,622,365,232)**	(1,866,648,789)	(1,255,115,410)
Increase (decrease) in:			
Accounts payable and other accrued liabilities	**4,467,605,733**	4,184,752,123	342,129,083
Trust receipts payable	**(1,252,489,365)**	3,300,488,410	546,700,633
Net cash generated from operations	**14,271,877,875**	14,145,240,251	16,381,955,425
Income taxes paid	**(3,087,271,189)**	(2,399,394,053)	(1,847,176,445)
Interest paid	**(1,335,871,027)**	(565,663,230)	(925,492,541)
Contributions to retirement plan (Note 28)	**–**	(200,415)	(344,863,044)
Interest received	**266,118,180**	170,897,069	202,061,065
Net cash provided by operating activities	**10,114,853,839**	11,350,879,622	13,466,484,460

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 12)	**(₱10,215,347,977)**	(₱9,134,912,018)	(₱13,199,692,100)
Investments in joint ventures (Note 15)	**(250,000,000)**	(80,879,150)	(100,000,000)
Additional interest in a subsidiary (Note 19)	**(434,453)**	–	–
Subsidiary, net of cash acquired (Note 14)	**–**	(486,014,976)	(22,565,594,339)
Financial assets at FVTPL	**–**	(162,665,091)	(77,103,380)
Intangible assets (Note 14)	**–**	(3,101,422)	–
Proceeds from sale/disposal of:			
Property, plant and equipment and investment property (Notes 12 and 16)	**3,689,191,468**	1,827,682,799	1,984,600,073
Business, net of cash disposed (Note 30)	**–**	–	22,292,159,390
Financial assets at fair value through OCI	**–**	–	50,000
Decrease (increase) in other noncurrent assets	**(335,686,284)**	(80,447,447)	3,710,795
Dividends received (Note 8)	**64,605,739**	80,757,174	32,302,870
Net cash used in investing activities	**(7,047,671,507)**	(8,039,580,131)	(11,629,566,691)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Short-term debts (Notes 17 and 35)	**(6,800,000,000)**	(15,740,000,000)	(4,002,001,432)
Principal portion of lease liabilities (Note 34)	**(358,364,833)**	(500,349,782)	(814,968,947)
Availments of short-term debts (Notes 17 and 35)	**11,550,000,000**	19,630,000,000	9,200,000,000
Purchase of treasury shares (Note 19)	**(124,785,196)**	(2,552,347,885)	(420,271,367)
Cash dividends paid (Note 19)	**(7,885,693,763)**	(7,855,067,488)	(7,707,384,164)
Dividends paid by a subsidiary to non-controlling interest	**(512,050,000)**	–	–
Net cash used in financing activities	**(4,130,893,792)**	(7,017,765,155)	(3,744,625,910)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,063,711,460)**	(3,706,465,664)	(1,907,708,141)
CASH AND CASH EQUIVALENTS ATBEGINNING OF YEAR	**13,251,218,657**	16,957,684,321	18,865,392,462
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱12,187,507,197**	₱13,251,218,657	₱16,957,684,321

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Universal Robina Corporation (hereinafter referred to as “the Parent Company” or “URC”) was incorporated on September 28, 1954, domiciled in the Republic of the Philippines, and is listed in the Philippine Stock Exchange. On October 28, 2002, the Parent Company’s corporate life was extended for another 50 years or until September 28, 2054. The registered office address of the Parent Company is at 8th Floor Tera Tower, Bridgetowne, E. Rodriguez, Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila.

The Parent Company is a majority owned subsidiary of JG Summit Holdings, Inc. (“the Ultimate Parent Company” or “JGSHI”).

The Parent Company and its subsidiaries (hereinafter referred to as “the Group”) is one of the largest branded food products companies in the Philippines and has a strong presence in ASEAN markets. The Group is involved in a wide range of food-related businesses which are organized into two (2) business segments: branded consumer foods (BCF) and agro-industrial and commodity (AIC) foods.

The BCF group, including the packaging division, manufactures distributes, sells and markets a mix of food and beverage products. The Parent Company also established URC BOPP Packaging and URC Flexible Packaging divisions to engage in the manufacture of bi-axially oriented polypropylene (BOPP) films for packaging companies and flexible packaging materials to cater to various URC branded products

The AIC group is composed of three business segments: (1) Agro-Industrial Group (AIG), which operates three divisions – a) Farms, b) Animal Nutrition and Health and c) Food, Drugs and Disinfectants; (2) Flour Division, and (3) Sugar and Renewable division (SURE), which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions.

The operations of certain subsidiaries are registered with the Board of Investments (BOI) as preferred pioneer and non-pioneer activities. Under the terms of the registrations and subject to certain requirements, the Parent Company and certain subsidiaries are entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) for a period of three (3) years to seven (7) years from respective start dates of commercial operations (see Note 33).

The Group is also subject to certain regulations with respect to, among others, product composition, packaging, labeling, advertising and safety.

The principal activities of the Group are further described in Note 6.

2. Summary of Material Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), inventories that have been measured at lower of cost and net realizable value (NRV) and biological assets and agricultural produce that have been measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine Peso. The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. All values are rounded to the nearest peso except when otherwise stated.

The functional currencies of the Group's consolidated foreign subsidiaries follow:

Subsidiaries	Country of Incorporation	Functional Currency
URC Asean Brands Co. Ltd. (UABCL)	British Virgin Islands	US Dollar
Hong Kong China Foods Co. Ltd.	- do -	- do -
URC International Co. Ltd. (URCICL)	- do -	- do -
URC Oceania Company Limited. (UOCL)	- do -	- do -
Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy)	China	Chinese Renminbi
URC China Commercial Co. Ltd. (URCCCL)	- do -	- do -
Xiamen Tongan Pacific Food Co., Ltd.	- do -	- do -
Guangzhou Peggy Foods Co., Ltd.	- do -	- do -
Shantou SEZ Shanfu Foods Co., Ltd.	- do -	- do -
Jiangsu Acesfood Industrial Co., Ltd.	- do -	- do -
Shantou Peggy Co. Ltd.	- do -	- do -
URC Hong Kong Company Limited	Hong Kong	Hong Kong Dollar
PT URC Indonesia	Indonesia	Indonesian Rupiah
URC Snack Foods (Malaysia) Sdn. Bhd. (URC Malaysia)	Malaysia	Malaysian Ringgit
Ricellent Sdn. Bhd.	- do -	- do -
Crunchy Foods Sdn. Bhd (Malaysia)	- do -	- do -
Munchy Food Industries Sdn. Bhd	- do -	- do -
Munchworld Marketing Sdn Bhd	- do -	- do -
URC Foods (Singapore) Pte. Ltd.	Singapore	Singapore Dollar

Subsidiaries	Country of Incorporation	Functional Currency
Advanson International Pte. Ltd. (Advanson)	- do -	- do -
Pan Pacific Investments Co. Limited (PPICL)	- do -	- do -
URC Equity Ventures Pte. Ltd.	- do -	- do -
URC (Thailand) Co., Ltd.	Thailand	Thai Baht
Siam Pattanasin Co., Ltd.	- do -	- do -
URC (Myanmar) Co. Ltd.	Myanmar	Myanmar Kyat
URC Vietnam Co., Ltd.	Vietnam	Vietnam Dong
URC Hanoi Company Limited	- do -	- do -
URC Central Co. Ltd.	- do -	- do -

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned direct subsidiaries as of December 31, 2023 and 2022.

Subsidiaries	Place of Incorporation	Effective Percentages of Ownership
CFC Corporation	Philippines	100.00
Bio-Resource Power Generation Corporation	- do -	100.00
Najalin Agri-Ventures, Inc.	- do -	95.82
URC Snack Ventures Inc. (USVI)	- do -	100.00
URC Beverage Ventures, Inc.	- do -	100.00
Nissin - URC (NURC)	- do -	51.00
URC Philippines, Ltd.	British Virgin Islands	100.00
URCICL and Subsidiaries*	- do -	100.00
Universal Robina (Cayman), Ltd.	Cayman Islands	100.00
URCCCL and a Subsidiary	China	100.00

**Subsidiaries are located in Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong*

Control

Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and consolidated statement of comprehensive income from the date the Parent Company gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

Any changes in the Group’s ownership interest in subsidiary that does not result in a loss of control is accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of income; and
- reclassifies the Parent Company’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. Some of the Group's subsidiaries have a local statutory accounting reference date of April 30 and September 30. These are consolidated using management prepared information on a basis coterminous with the Group's accounting reference date.

Below are the subsidiaries with a different accounting reference date from that of the Parent Company:

Subsidiaries	Year-end
Pan Pacific Investments (Pte.) Limited	April 30
Bio-Resource Power Generation Corporation*	September 30
Najalin Agri-Ventures, Inc.*	-do-

**Dormant/non-operating subsidiaries*

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. This policy also covers purchase of assets that constitutes acquisition of a business.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized in profit or loss in the consolidated statement of income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRSs. Changes in the fair value of contingent consideration classified as equity are not recognized.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (the date the Group attains control) and the resulting gain or loss, if any, is recognized in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Combinations of Entities under Common Control
Where there are business combinations involving entities that are ultimately controlled by the same ultimate parent (i.e., Controlling Shareholders) before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts for such business combinations in accordance with the guidance provided by the Philippine Interpretations Committee Q&A No. 2011-02, PFRS 3.2 - *Common Control Business Combinations*. The purchase method of accounting is used if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered. In cases where the transaction has no commercial substance, the business combination is accounted for using the pooling of interests method.

In applying the pooling of interests method, the Group follows the Philippine Interpretations Committee Q&A No. 2012-01, PFRS 3.2 - *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, which provides the following guidance:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as other equity reserve, i.e., either contribution or distribution of equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Goodwill
Goodwill arising from the acquisition of a subsidiary is recognized as an asset at the date the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held interest, if any, in the entity over the net fair value of the identifiable net assets recognized.

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest, if any, the excess is recognized immediately in the consolidated statement of income as a gain on bargain purchase.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses, if any. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see further discussion under Impairment of nonfinancial assets).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following PFRSs and Philippine Accounting Standards (PAS) and Philippine Interpretations beginning January 1, 2023. Unless otherwise indicated, the adoption of the new and amended standards and interpretations did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

  As a result of the adoption, discussions about new standards and amendments adopted but without effect on the 2023 consolidated financial statements or any prior period and those that are forthcoming that do not have, or not expected to have, significant or material impact to the Group have been simplified together with existing policies.

- Amendments to PAS 8, *Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.
  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*
  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Material Accounting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures certain financial instruments and nonfinancial assets at fair value at each reporting date. Fair values of financial instruments measured at amortized cost and investment properties carried at cost are disclosed in Note 5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement, and that are subject to insignificant risk of changes in value.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified at fair value at initial recognition and subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The financial assets of the Group as of December 31, 2023 and 2022 consist of financial assets at amortized cost, financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL (equity and debt instruments).

Financial assets at amortized cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, receivables and security deposits.

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statements of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in club shares under this category.

Financial assets at FVTPL
Debt instruments that do not meet the amortized cost criteria, or meets the criteria but the Group has designated as at FVTPL upon initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- upon initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of income.

This category includes equity instruments which the Group had not irrevocably elected to classify at fair value through OCI and currency options.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such nontrade receivables, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a SICR in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a SICR since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 60 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analyses.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12-month ECL for Stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for Stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument or a portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for financial assets that are in default. The Group considers a financial asset in default when contractual payments are 30-60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group does not have financial liabilities at FVTPL as of December 31, 2023 and 2022.

Financial liabilities at amortized cost
This is the category most relevant to the Group. It pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial recognition, these financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Group's accounts payable and accrued liabilities (excluding advances from customers, advances from third parties, statutory and taxes payables), short-term debts and trust receipts payable.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

c) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of solvency or bankruptcy of the Group and all of the counterparties.

Inventories

Inventories, including goods-in-process, are recorded at cost and subsequently valued at the lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

When the inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of sales' in the consolidated statement of income in the period when the related revenue is recognized.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods, goods-in-process, raw materials, containers and packaging materials, and spare parts and supplies

Cost is determined using the weighted average method. The cost of raw materials, containers and packaging materials, and spare parts and supplies consist of their purchase cost. The cost of finished goods and goods-in-process include direct materials and labor, and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

Materials in-transit

Cost is determined on a specific identification basis.

Biological Assets

The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock
- Breeders (livestock bearer)
- Sucklings (breeders' offspring)
- Weanlings (comes from sucklings intended to be breeders or to be raised as fatteners/finishers)
- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat and meat products or to be sold live)

Poultry livestock
- Breeders (livestock bearer)
- Chicks (breeders' offspring intended to be sold as breeders)

Biological assets are measured on initial recognition and at each reporting date at its fair value less estimated costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce of swine livestock are hog carcasses, while the agricultural produce of poultry livestock are table eggs and hatched chick. These are then subsequently measured following PAS 2, *Inventories*.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset in the consolidated statement of income in the period in which it arises.

Property, Plant and Equipment

Property, plant and equipment, except land, are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any.

The initial cost of an item of property, plant and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction.

Land is stated at cost less any impairment in value.

Subsequent costs are capitalized as part of the 'Property, plant and equipment' in the consolidated statement of financial position, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost of repairs and maintenance are expensed when incurred.

Foreign exchange differentials arising from foreign currency borrowings used for the acquisition of property, plant and equipment are capitalized to the extent that these are regarded as adjustments to interest costs.

Depreciation and amortization of property, plant and equipment commence once the property, plant and equipment are available for use and are computed using the straight-line method over the estimated useful life (EUL) of the assets regardless of utilization.

The EUL of property, plant and equipment of the Group follows:

	Years
Land improvements	5 to 10
Buildings and improvements	10 to 30
Machinery and equipment	10
Transportation equipment	5
Furniture, fixtures and equipment	5

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms. The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed periodically and adjusted, if appropriate, at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Construction-in-progress and equipment in transit are stated at cost, net of accumulated impairment losses, if any. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress and equipment in transit are not depreciated until such time as the relevant assets are completed and put into operational use.

Construction in-progress and equipment in transit are transferred to the related 'Property, plant and equipment' in the consolidated statement of financial position when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use or disposal of the asset. Any gain or loss arising from the derecognition of the property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income, in the period the item is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment loss, if any. Land is carried at cost less any accumulated impairment loss, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

Investment properties are measured initially at cost, including transaction costs. Transaction costs represent nonrefundable taxes such as capital gains tax and documentary stamp tax that are for the account of the Group. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up.

The Group’s investment properties consist solely of buildings and building improvements and are depreciated using the straight-line method over their EUL ranging from 10 to 30 years (see Note 16).

The depreciation and amortization method and useful life are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic useful benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible Assets

Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is its fair value at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with a finite life are assessed at the individual asset level. Intangible assets with finite lives are amortized on a straight-line basis over the asset's EUL and assessed for impairment, whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level (see further discussion under Impairment of nonfinancial assets). Such intangibles are not amortized. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A summary of the policies applied to the Group's intangible assets follows:

	EUL	Amortization method used	Internally generated or acquired
Product formulation	Indefinite	No amortization	Acquired
Brands/Trade secrets	Indefinite	No amortization	Acquired
Trademarks	Finite (4 years)	Straight line amortization	Acquired
Software costs	Finite (10 years)	Straight line amortization	Acquired

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income when the asset is derecognized.

Investment in Joint Ventures
The Group has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties who have joint control over the arrangement have rights to the net assets of the arrangement.

The Group's investment in joint venture is accounted for using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the joint venture. The consolidated statement of income reflects the Group's share in the results of operations of the joint venture. Where there has been a change recognized directly in the investees' equity, the Group recognizes its share of any changes and discloses this, when applicable, in the other comprehensive income in the consolidated statement of changes in equity. Profits and losses arising from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The Group discontinues applying the equity method when its investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associates or joint venture. When the investees subsequently report net income, the Group will resume applying the equity method but only after its equity in the net income equals the equity in net losses of associates and joint venture not recognized during the period the equity method was suspended.

The investee company's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's property, plant and equipment (see Note 12), right-of-use assets (see Note 34), investment properties (see Note 16), investments in joint ventures (see Note 15), goodwill and intangible assets (see Note 14).

Except for goodwill and intangible assets with indefinite useful lives which are tested for impairment annually, the Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized under 'Provision for credit and impairment losses' in the consolidated statement of income.

The following criteria are also applied in assessing impairment of specific assets:

Property, plant and equipment, right-of-use assets, investment properties, intangible assets with definite useful lives, and investments in joint ventures
For property, plant and equipment, investment properties, intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and an impairment assessment is performed. For investments in joint ventures, this impairment assessment is done after application of the equity method. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill and intangible assets with indefinite useful lives
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

The disposal group is excluded from the results of continuing operations and is presented as a single amount as 'Net income after tax from discontinued operations' in the consolidated statement of income.

Additional disclosures are provided in Note 30. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception using the expected value method and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return the goods within a specific period.

Sale of sugar and molasses
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales. Sale of refined sugar and alcohol is recognized upon shipment or delivery to the customers. Sale of molasses is recognized upon (a) surrendering of molasses certificates (warehouse receipts for molasses) or (b) delivery and acceptance by the customer for physical molasses, whichever comes first.

Rendering of tolling services
Revenue derived from tolling activities is recognized as revenue over time as the related services are being rendered.

<u>Revenue outside the scope of PFRS 15:</u>
Dividend income
Dividend income is recognized when the shareholder's right to receive the payment is established.

Interest income
Interest income is recognized as it accrues using the EIR method under which interest income is recognized at the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

<u>Provisions</u>
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under 'Finance cost' in the consolidated statement of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

<u>Contingencies</u>
Contingent liabilities are not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Pension Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Current service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Income Taxes</u>
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in countries where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Such deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sale of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority by each entity is included as part of 'Other current assets' or 'Accounts payable and other accrued liabilities' in the consolidated statement of financial position.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets, which are presented under 'Noncurrent Assets' in the consolidated statement of financial position, are subject to impairment.

The depreciation period for each class of ROU assets follows:

	Period
Land and land improvements	10 years
Buildings and improvements	2-20 years
Machinery and equipment	2 years
Transportation equipment	2 years
Furniture and fixtures	2 years

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflected the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Rent income
Rent income arising from investment properties is accounted for on a straight-line basis over the lease term on ongoing leases and is included in other loss in the consolidated statement of income.

Cost and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Foreign Currency Translation/Transactions
The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the reporting date. Differences arising from settlement or translation of monetary items are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences are also dealt with in statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group companies
As of reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Group at the rate of exchange prevailing at reporting date and their respective statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity as ‘Cumulative translation adjustments’ under ‘Other comprehensive income’. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the consolidated statement of income.

The Group has determined that the cumulative translation adjustments will not be realized in the foreseeable future. Therefore, the Group does not recognize deferred tax liabilities on its cumulative translation adjustments.

Common Stock
Capital stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of changes in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income (loss), dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Other Comprehensive Income
Other comprehensive income comprises items of income and expenses (including items previously presented under the consolidated statements of changes in equity) that are not recognized in the consolidated statement of income for the year in accordance with PFRSs.

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. When shares are sold, the treasury share account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Equity Reserves
Equity reserves arise from transactions in which the proportion of equity held by non-controlling interests changes. These are initially measured as the difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received. Equity reserves are attributed to the owners of the Parent Company.

Dividends on Common Stocks
Dividends on common shares are recognized as a liability and deducted from equity when approved by the Board of Directors (BOD) of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Earnings Per Share (EPS)
Basic EPS is computed by dividing consolidated net income attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common stocks issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the consolidated net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after Reporting Date
Any post year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21*, Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a. *Revenue recognition on sale of goods and services*
   Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the Group will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

   i. *Existence of a contract*
      The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

   ii. *Identifying performance obligation*
      The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

      Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. *Recognition of revenue as the Group satisfies the performance obligation*
The Group recognizes its revenue for sale of goods at a point in time, when the goods are sold and delivered and for tolling activities, overtime as services are being rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. *Method to estimate variable consideration and assess constraint*
The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. *Recognition of milling revenue under output sharing agreement and cane purchase agreement*
The Group applies both output sharing agreement and cane purchase agreement in relation to milling operations. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

b. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - the Group as a lessee*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

c. *Discontinued operations*
The Group determined that the sale of the Oceania businesses will qualify for presentation as discontinued operations in 2021 since it represents a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group (see Note 30).

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Assessment of ECL on trade receivables*

The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Group recognized provision for credit losses amounting to ₱9.3 million and ₱4.1 million for the years ended December 31, 2023 and 2022, respectively. The carrying amount of trade receivables is ₱17.9 billion and ₱15.3 billion as at December 31, 2023 and 2022, respectively (see Note 9).

b. *Assessment for ECL on other financial assets at amortized cost*

The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been an SICR since initial recognition in which case lifetime ECLs are provided.

When determining if there has been a SICR, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent an SICR such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults.

The carrying amount of other financial assets at amortized cost is ₱5.0 billion and ₱6.8 billion as at December 31, 2023 and 2022, respectively (see Note 9).

c. *Determination of fair values less estimated costs to sell of biological assets*
The fair values of biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market. The fair values are reviewed and updated if expectations differ from previous estimates due to changes brought by both physical change and price changes in the market. It is possible that future results of operations could be materially affected by changes in these estimates brought about by the changes in factors mentioned.

As of December 31, 2023 and 2022, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱271.9 million and ₱411.0 million, respectively (see Note 13). For the years ended December 31, 2023, 2022 and 2021, the Group recognized gain arising from changes in the fair value less costs to sell of biological assets amounting to₱0.3 million, ₱0.3 million, and ₱2.6 million, respectively (see Note 13). Changes in fair value of biological assets are recognized in the consolidated statements of income.

d. *Impairment of goodwill and intangible assets with indefinite useful lives*
The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The following assumptions were also used in computing value in use:

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is most sensitive to changes in discount rate and growth rate.

As of December 31, 2023 and 2022, the balance of the Group's goodwill and intangible assets with indefinite useful lives and accumulated impairment losses follow:

	2023	2022
Goodwill (Note 14)	**₱18,479,756,391**	₱19,363,084,093
Intangible assets (Note 14)	**4,516,565,574**	4,718,436,268

e. *Assessment of impairment of nonfinancial assets*
The Group assesses the impairment of its nonfinancial assets (i.e., property, plant and equipment, right-of-use assets, investment properties, investments in joint venture and intangible assets with finite useful lives) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business such as plans to discontinue or restructure the operation to which an asset belongs; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from recent, binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

For the years ended December 31, 2023, 2022 and 2021 the Group recognized impairment losses on its property, plant and equipment amounting to ₱226.5 million, ₱323.0 million and ₱432.6 million, respectively (see Note 12).

For the years ended December 31, 2023, 2022 and 2021, the Group did not recognize any impairment losses on its right-of-use assets (see Note 34), investment properties (see Note 16), goodwill and its other intangible assets (see Note 14).

As of December 31, 2023 and 2022, the balances of the Group's nonfinancial assets with finite useful lives, excluding biological assets, net of accumulated depreciation, amortization and impairment losses follow:

	2023	2022
Property, plant and equipment (Note 12)	**₱32,332,995,898**	₱37,601,271,282
Right-of-use assets (Note 34)	**1,302,666,055**	2,001,572,293
Intangible assets (Note 14)	**670,410,642**	145,958,033
Investment properties (Note 16)	**1,705,506**	1,958,173

f. *Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination*
The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property (see Note 12). Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

g. *Estimation of pension and other benefits costs*
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 28). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future salary increase rates of the Group.

As of December 31, 2023 and 2022, the balance of the Group's present value of defined benefit obligations and other benefits is shown in Note 28 to the consolidated financial statements.

h. *Recognition of deferred tax assets*
The Group reviews the carrying amounts of its deferred income taxes at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no guarantee that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. As of December 31, 2023 and 2022, the Group recognized net deferred tax assets amounting to ₱969.0 million and ₱450.0 million, respectively (see Note 29), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₱2.1 billion and ₱2.2 billion as of December 31, 2023 and 2022, respectively (see Note 29).

The recognized and unrecognized deferred tax assets for the Group are disclosed in Note 29.

i. *Valuation of ROU assets and lease liabilities*
The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

Lease term. The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Discount rate. The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using risk-free rates applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified. The discount rates applied range from 7.00% to 7.98% for the years ended December 31, 2023 and 2022.

j. *Estimation of useful life of intangible assets*
The Group determines the EUL of its intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the EUL of these intangible assets based on factors that include asset utilization, internal technical evaluation, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of intangible assets would increase the recorded amortization expense.

With more than 30 product brands listed under its umbrella, Munchy’s is considered to be a well-known brand in Malaysia. Trademarks pertain to signs, designs, or expressions that identify products related to Munchy’s brand which set them apart from others. Munchy's has improved the technology, manufacturing procedures, and design of its production lines. All of these are regarded as trade secrets. Management determined the useful life of these intangible assets to be indefinite since there is no foreseeable limit to the period over which the brands, trademarks, and trade secrets is likely to generate net cash inflows to Munchy’s.

The said assessment is based on the track record of stability for the biscuit manufacturing industry and the Munchy’s brand. Added to this is the commitment of management to continue to invest for the long term, to extend the period over which the intangible asset is expected to continue to provide economic benefits.

The carrying values of intangible assets are disclosed in Note 14 of the consolidated financial statements.

k. *Contingencies*
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group’s consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

4. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments, other than derivative financial instruments, comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, and interest-bearing loans and other borrowings. The main purpose of these financial instruments is to finance the Group’s operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as trade receivables and payables which arise directly from its operations. One of the Group’s subsidiaries is a counterparty to derivative contracts. These derivatives are entered into as a means of reducing or managing their respective foreign exchange exposures.

The BOD of the Parent Company and its subsidiaries review and approve policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure
The Group's risk management structure is closely aligned with that of the Ultimate Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring of risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has created the board-level Board Risk and Oversight Committee (BROC) to spearhead the managing and monitoring of risks.

BROC
The purpose of the Board Risk Oversight Committee is to oversee the establishment of an Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The Committee shall be responsible for defining the Group's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

Corporate Governance Compliance Officer
Compliance with the principles of good corporate governance is also one of the primary objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for:

- Monitoring, reviewing, evaluating and ensuring the compliance by the Group, its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Code of Corporate Governance, rules, regulations and all governance issuances of regulatory agencies; and
- Assisting the Board and the Corporate Governance Committee in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Group, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in the Corporate Governance Manual and the respective charters of the Board Committees.

Enterprise Resource Management (ERM) Framework
The ERM framework revolves around the following activities:

1. Risk Identification. This involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives that are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.
2. Risk Assessment. Each identified risk is assessed to determine if they pose significant impact to the business unit's ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories such as Reputational Risk, Strategic Risk, Financial Risk, Compliance Risk, Operations Risk, and Emerging Risk. For each risk category, a risk assessment scale provides an objective criterion to evaluate the impact to the business - insignificant, minor, moderate, major, or extreme impact. The impact severity of the risk is rated based on their nature, regardless of the organization's circumstances and capability to manage them.
3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization's risk profile.
4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.
5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Board Risk Oversight Committee twice a year.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risks such as foreign currency risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Credit Management Division (CMD) of the Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Generally, trade receivables are written off when deemed unrecoverable. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

   With respect to credit risk arising from financial assets of the Group, which comprise cash and cash equivalents and receivables, the Group's maximum exposure to credit risk is equal to its carrying amount as of December 31, 2023 and 2022, except for the Group's trade receivables as of December 31, 2023 and 2022 with carrying value of ₱17.9 billion and ₱15.3 billion, respectively, and collateral or credit enhancements with fair value amounting to ₱3.0 billion and ₱2.6 billion as of December 31, 2023 and 2022, respectively, resulting to net exposure of ₱14.8 billion and ₱12.6 billion, respectively.

   The collateral securities related to the Group's trade receivables consist of standby letters of credit. The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

   Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

   In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed in accordance with the Group's policies and procedures.

i. Concentration by geographical location

The Group's credit risk exposures as of December 31, 2023 and 2022 before taking into account any collateral held or other credit enhancements are categorized by geographic location follow:

	2023		
	Philippines	**Asia**	**Total**
Cash and cash equivalents* (Note 7)	**₱3,868,338,169**	**₱8,250,398,796**	**₱12,118,736,965**
Receivables (Note 9):			
Trade receivables	**13,625,648,893**	**4,223,217,669**	**17,848,866,562**
Due from related parties	**2,346,993,831**	**116,476,777**	**2,463,470,608**
Interest receivable	**2,069,851**	**20,089,051**	**22,158,902**
Non-trade and other receivables	**2,505,956,363**	**29,670,387**	**2,535,626,750**
	₱22,349,007,107	**₱12,639,852,680**	**₱34,988,859,787**

** Excludes cash on hand*

	2022		
	Philippines	Asia	Total
Cash and cash equivalents* (Note 7)	₱5,418,032,169	₱7,784,642,538	₱13,202,674,707
Receivables (Note 9):			
Trade receivables	11,379,724,485	3,805,971,525	15,185,696,010
Due from related parties	1,821,450,615	–	1,821,450,615
Interest receivable	3,132,333	19,712,162	22,844,495
Non-trade and other receivables	4,901,302,462	24,341,323	4,925,643,785
	₱23,523,642,064	₱11,634,667,548	₱35,158,309,612

** Excludes cash on hand*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2023 and 2022 before taking into account any collateral held or other credit enhancements.

	2023					
	Manufacturing/ Retail	**Financial Intermediaries**	**Petrochemicals**	**Tele-Communication**	**Others***	**Total**
Cash and cash equivalents** (Note 7)	**₱–**	**₱12,118,736,965**	**₱–**	**₱–**	**₱–**	**₱12,118,736,965**
Receivables (Note 9):						
Trade receivables	**15,745,366,465**	**–**	**–**	**–**	**2,103,500,097**	**17,848,866,562**
Due from related parties	**295,390,767**	**31,602,091**	**211,883,154**	**–**	**1,924,594,596**	**2,463,470,608**
Interest receivable	**–**	**22,158,902**	**–**	**–**		**22,158,902**
Non-trade and other receivables	**2,427,662,777**	**21,206,144**	**–**	**–**	**86,757,829**	**2,535,626,750**
	₱18,468,420,009	**₱12,193,704,102**	**₱211,883,154**	**₱–**	**₱4,114,852,522**	**₱34,988,859,787**

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

	2022					
	Manufacturing/ Retail	Financial Intermediaries	Petrochemicals	Tele-Communication	Others*	Total
Cash and cash equivalents** (Note 7)	₱–	₱13,202,674,707	₱–	₱–	₱–	₱13,202,674,707
Receivables (Note 9):						
Trade receivables	14,710,826,856	–	–	–	474,869,154	15,185,696,010
Due from related parties	217,801,094	38,835,562	–	–	1,564,813,959	1,821,450,615
Interest receivable	–	22,844,495	–	–	–	22,844,495
Non-trade and other receivables	4,483,260,676	13,268,229	185,783,422	7,497,686	235,833,772	4,925,643,785
	₱19,411,888,626	₱13,277,622,993	₱185,783,422	₱7,497,686	₱2,275,516,885	₱35,158,309,612

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

iii. Credit risk under general approach and simplified approach

	2023			
	General Approach			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified Approach**
Cash and cash equivalents* (Note 7)	**₱12,118,736,965**	**₱–**	**₱–**	**₱–**
Receivables (Note 9):				
Trade receivables	**–**	**–**	**–**	**17,927,965,761**
Due from related parties	**2,463,470,608**	**–**	**–**	**–**
Interest receivable	**–**	**–**	**–**	**–**
Non-trade and other receivables	**2,174,960,853**	**382,824,799**	**157,169,779**	**–**
Total financial assets at amortized cost	**₱16,757,168,426**	**₱382,824,799**	**₱157,169,779**	**₱17,927,965,761**

**Excludes cash on hand*

	2022			
	General Approach			
	Stage 1	Stage 2	Stage 3	Simplified Approach
Cash and cash equivalents* (Note 7)	₱13,202,674,707	₱–	₱–	₱–
Receivables (Note 9):				
Trade receivables	–	–	–	15,255,487,783
Due from related parties	1,821,450,615	–	–	–
Interest receivable	22,844,495	–	–	–
Non-trade and other receivables	4,212,035,430	713,608,355	157,169,779	–
Total financial assets at amortized cost	₱19,259,005,247	₱713,608,355	₱157,169,779	₱15,255,487,783

**Excludes cash on hand*

iv. Aging analysis

Set out below is the information about the credit risk exposure on the Group’s receivables:

	2023					
		Past Due but Not Impaired				
	Current	**Less than 30 Days**	**30 to 60 Days**	**60 to 90 Days**	**Over 90 Days**	**Total**
Gross carrying amount of trade receivables	**₱13,123,646,865**	**₱3,373,412,675**	**₱511,648,501**	**₱304,648,370**	**₱614,609,350**	**₱17,927,965,761**
Expected credit losses	**₱–**	**₱–**	**₱–**	**₱–**	**₱79,099,200**	**₱79,099,200**

	2022					
		Past Due but Not Impaired				
	Current	Less than 30 Days	30 to 60 Days	60 to 90 Days	Over 90 Days	Total
Gross carrying amount of trade receivables	₱11,605,224,165	₱2,923,346,044	₱105,863,673	₱146,920,922	₱474,132,980	₱15,255,487,784
Expected credit losses	₱–	₱–	₱–	₱–	₱69,791,773	₱69,791,773

Liquidity risk

Liquidity risk is the risk of not being able to meet funding obligation such as the repayment of liabilities or payment of asset purchases as they fall due. The Group’s liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group’s business operations or unanticipated events created by customer behavior or capital and financial market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Fund raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group’s financial assets as of December 31, 2023 and 2022 based on the remaining undiscounted contractual cash flows.

	2023					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
Cash and cash equivalents* (Note 7)	₱10,010,599,434	₱2,108,137,531	₱–	₱–	₱–	₱12,118,736,965
Financial assets at FVTPL	1,002,776,456	–	–	–	–	1,002,776,456
Receivables (Note 9):						
Trade receivables	1,430,906,221	16,497,059,540	–	–	–	17,927,965,761
Due from related parties	2,463,470,608	–	–	–	–	2,463,470,608
Non-trade and other receivables	2,714,955,431	–	–	–	–	2,714,955,431
Financial assets at FVOCI	–	–	–	120,600,000		120,600,000
Deposits (Note 16)	–	–	–	232,082,689	1,029,286,957	1,261,369,646
	₱17,622,708,150	₱18,605,197,071	₱–	₱352,682,689	₱1,029,286,957	₱37,609,874,867

Excludes cash on hand

	2022					
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
Cash and cash equivalents* (Note 7)	₱8,897,029,367	₱4,305,645,340	₱–	₱–	₱–	₱13,202,674,707
Financial assets at FVTPL	834,807,019	–	–	–	–	834,807,019
Receivables (Note 9):						
Trade receivables	726,917,575	14,528,570,209	–	–	–	15,255,487,784
Due from related parties	1,821,450,615	–	–	–	–	1,821,450,615
Non-trade and other receivables	5,105,658,059	–	–	–	–	5,105,658,059
Financial assets at FVOCI	–	–	–	105,450,000	–	105,450,000
Deposits (Note 16)	–	–	–	201,313,737	721,845,480	923,159,217
	₱17,385,862,635	₱18,834,215,549	₱–	₱306,763,737	₱721,845,480	₱37,248,687,401

Excludes cash on hand

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on the remaining undiscounted contractual cash flows.

				2023		
	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 years**	**Total**
Accounts payable and other accrued liabilities:						
Trade payables, accrued expenses and other payables*	**₱12,121,605,240**	**₱13,611,834,204**	**₱2,747,951,895**	**₱12,231,070**	**₱–**	**₱28,493,622,409**
Due to related parties	**568,396,994**	**–**	**–**	**–**	**–**	**568,396,994**
Short-term debts**	**–**	**16,553,049,910**	**–**	**–**	**–**	**16,553,049,910**
Trust receipts payable**	**–**	**10,210,942,546**	**–**	**–**	**–**	**10,210,942,546**
Lease liabilities**	**–**	**104,806,356**	**318,078,212**	**637,741,087**	**1,511,435,564**	**2,572,061,219**
	₱12,690,002,234	**₱40,480,633,016**	**₱3,066,030,107**	**₱649,972,157**	**₱1,511,435,564**	**₱58,398,073,078**

**Excludes statutory liabilities*
***Includes future interest*

				2022		
	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
Accounts payable and other accrued liabilities:						
Trade payables, accrued expenses and other payables*	₱9,526,364,834	₱14,652,549,424	₱710,771,205	₱25,880,412	₱59,581,745	₱24,975,147,620
Due to related parties	204,199,106	–	–	–	–	204,199,106
Short-term debts**	–	11,796,258,215	–	–	–	11,796,258,215
Trust receipts payable**	–	11,485,977,034	–	–	–	11,485,977,034
Lease liabilities**	–	134,902,584	288,468,536	1,152,560,695	1,809,101,854	3,385,033,669
	₱9,730,563,940	₱38,069,687,257	₱999,239,741	₱1,178,441,107	₱1,868,683,599	₱51,846,615,644

**Excludes statutory liabilities*
***Includes future interest*

Market risk
Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The three types of market risk are interest rate risk, foreign currency exchange risk and equity price risk.

Foreign currency risk
Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. For the years ended December 31, 2023, 2022, and 2021, approximately 20.7%, 21.5%, and 19.0% of the Group's total sales, respectively, are denominated in currencies other than the functional currency. In addition, 2.2% and 2.6% of the Group's debts are denominated in various currencies as of December 31, 2023 and 2022, respectively.

The Group estimates a reasonably possible change of +5.00 in the US Dollar to Philippine Peso exchange rate would have an impact of approximately ₱60.1 million and ₱3.1 million on income before income tax, and equity for the years ended December 31, 2023 and 2022, respectively. An equal change in the opposite direction would have decreased income before income tax by the same amount.

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of December 31, 2023 and 2022 are not significant.

The exchange rates used to restate the US dollar-denominated financial assets and liabilities were ₱55.37 to US$1.00 and ₱55.76 to US$1.00 as of December 31, 2023 and 2022, respectively.

Equity price risk
Equity price risk is the risk that the fair values of equities will change as a result of changes in the levels of equity indices and the value of individual stocks.

The table below shows the effect on equity as a result of a change in the fair value of equity instruments held as financial assets at FVTPL investments due to reasonably possible changes in equity indices:

	2023		2022	
Changes in PSEi	**13.97%**	**-13.97%**	20.55%	-20.55%
Change in trading gain (loss) at equity portfolio	**₱28,316,718**	**(₱28,316,718)**	₱54,017,188	(₱54,017,188)
As a percentage of the Parent Company's trading gain for the year	**597.66%**	**(597.66%)**	130.34%	(130.34%)

The Group's investment in golf shares designated as financial assets at FVOCI are susceptible to market price risk arising from uncertainties about future values of the investment security. The Group estimates an increase of 1.00% would have an impact of approximately ₱1.2 million and ₱1.1 million on equity for the years ended December 31, 2023 and 2022. An equal change in the opposite direction would have decreased equity by the same amount.

Interest rate risk
As of December 31, 2023 and 2022, the Group has no interest rate risk exposure since there are no outstanding interest rate-sensitive assets and liabilities.

5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and cash equivalents, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debts and trust receipts payable
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties
Carrying amounts of due from and due to related parties, which are payable and due on demand, approximate their fair values.

Financial assets at FVTPL and financial assets at FVOCI
Fair values of quoted equity securities are based on quoted prices published in markets while fair values of private equity funds are based on capital statements.

Deposits
The fair values are determined based on the present value of estimated future cash flows using prevailing market rates.

Biological assets
Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

Investment properties
Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers in 2023, including independent external appraisers, on the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

Fair Value Measurement Hierarchy for Assets and Liabilities

	December 31, 2023				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL (Note 8):					
Quoted equity securities	**₱1,002,776,456**	**₱753,346,917**	**₱–**	**₱–**	**₱753,346,917**
Private equity, bonds and unquoted equity securities	**–**	**–**	**249,429,539**	**–**	**249,429,539**
Financial assets at FVOCI					
Quoted equity securities (Note 16)	**120,600,000**	**–**	**120,600,000**	**–**	**120,600,000**
Deposits (Note 16)	**1,261,369,646**	**–**	**–**	**1,227,975,725**	**1,227,975,725**
	₱2,384,746,102	**₱753,346,917**	**₱370,029,539**	**₱1,227,975,725**	**₱2,351,352,181**
Nonfinancial assets					
Biological assets (Note 13)	**₱271,933,727**	**₱–**	**₱20,311,419**	**₱251,622,308**	**₱271,933,727**
Assets for which fair values are disclosed					
Investment properties (Note 16)	**₱1,705,506**	**₱–**	**₱–**	**₱47,823,000**	**₱47,823,000**

	December 31, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value					
Financial assets					
Financial assets at FVTPL (Note 8):					
Quoted equity securities	₱834,807,019	₱834,807,019	₱–	₱–	₱834,807,019
Financial assets at FVOCI					
Quoted equity securities (Note 16)	105,450,000	–	105,450,000	–	105,450,000
Deposits (Note 16)	923,159,218	–	–	923,159,218	923,159,218
	₱1,863,416,237	₱834,807,019	₱105,450,000	₱923,159,218	₱1,863,416,237
Nonfinancial assets					
Biological assets (Note 13)	₱411,043,775	₱–	₱26,191,503	₱384,852,272	₱411,043,775
Assets for which fair values are disclosed					
Investment properties (Note 16)	₱1,958,173	₱–	₱–	₱47,823,000	₱47,823,000

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements. Nonfinancial assets determined under Level 3 include investment properties and biological assets. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Descriptions of significant unobservable inputs to valuation of biological assets, investment properties, and deposits under Level 3 of the fair value category follow:

Account	Valuation Technique	Significant Unobservable Inputs
Biological assets	Adjusted commercial farmgate prices	Commercial farmgate prices
Investment properties	Market data approach and cost approach	Price per square meter, size, shape, location, time element, replacement cost and depreciation for improvements
Deposits	Discounted cash flow method	Credit spread

Significant increases (decreases) in reasonable profit margin applied would result in a significantly higher (lower) fair value of the biological assets. Significant increases (decreases) in credit spreads would result in a significantly lower (higher) fair value of the deposits.

Significant unobservable inputs

Adjusted commercial farmgate prices	Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit
Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.

Time element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Replacement cost	Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials.
Depreciation	Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings.
Credit spread	Determined by reference to internal data and used to arrive at a discount rate by adding to the risk-free rate

6. **Business Segment Information**

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three (3) reportable operating segments as follows:

- The BCF group manufactures, distributes, sells and markets a diverse mix of food and beverage products . This segment also includes the packaging division, which manufactures BOPP films primarily used in packaging; and its subsidiary, which manufactures flexible packaging materials for the packaging requirements of various branded food products. Its revenues are in their peak during the opening of classes and Christmas season.

- The AIC group segment operates three divisions: (1) AIG, which operates three divisions – a) Farms, b) Animal Nutrition and Health and c) Food, Drugs and Disinfectants with peak season during summer and before Christmas season; (2) Flour Division engages in flour milling and pasta manufacturing with peak season before and during the Christmas season; and (3) SURE, which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions with peak season during its crop season, which normally starts in November and ends in April.
- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

No operating segments have been aggregated to form the above reportable operating business segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance costs and revenues), market valuation gain and loss, foreign exchange gains or losses, other revenues and expenses and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

The following tables present the financial information of each of the operating segments in accordance with PFRSs except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the years ended December 31, 2023, 2022, and 2021.

The Group's business segment information follows (amounts in thousands):

	As of and for the year ended December 31, 2023				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	**₱109,615,321**	**₱48,751,388**	**₱–**	**₱–**	**₱158,366,709**
Inter-segment	**22,998,991**	**13,094,660**	**–**	**(36,093,651)**	**–**
	₱132,614,312	**₱61,846,048**	**₱–**	**(₱36,093,651)**	**₱158,366,709**
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	**₱16,251,353**	**₱10,364,021**	**(₱2,860,052)**	**₱–**	**₱23,755,322**
Depreciation and amortization (Note 24)	**(4,342,358)**	**(1,826,947)**	**(233,790)**	**–**	**(6,403,095)**
Earnings before interest and income tax (EBIT)	**₱11,908,995**	**₱8,537,074**	**(₱3,093,842)**	**₱–**	**₱17,352,227**
Finance costs (Note 27)	**(₱149,920)**	**(₱680,914)**	**(₱756,996)**	**₱–**	**(1,587,830)**
Finance revenue (Note 26)	**₱230,742**	**₱50**	**₱99,246**	**₱–**	**330,038**
Equity in net loss of joint ventures (Note 15)	**₱20,962**	**₱–**	**(₱308,211)**	**₱–**	**(287,249)**
Provision for credit and impairment losses (Notes 9 and 12)	**(₱30,399)**	**(₱205,487)**	**₱–**	**₱–**	**(235,886)**
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	**₱3,077**	**₱–**	**₱169,237**	**₱–**	**172,314**
Other expenses*					**(58,845)**
Income before income tax					**15,684,769**
Provision for income tax (Note 29)					**(2,980,168)**
Net income					**₱12,704,600**
Other Information					
Total assets	**₱114,894,756**	**₱63,905,437**	**₱1,501,507**		**₱180,301,700**
Total liabilities	**₱27,456,610**	**₱17,561,702**	**₱16,791,525**		**₱61,809,837**
Capital expenditures	**₱4,772,656**	**₱5,017,717**	**₱424,975**	**₱–**	**₱10,215,348**
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	**(₱9,338)**	**₱–**	**₱–**	**₱–**	**(₱9,338)**
Property, plant and equipment (Note 12)	**(21,061)**	**(205,487)**	**–**	**–**	**(226,548)**
	(₱30,399)	**(₱205,487)**	**₱–**	**₱–**	**(₱235,886)**

**Includes net foreign exchange losses and other income (expenses)*

	As of and for the year ended December 31, 2022				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱107,767,325	₱42,136,319	₱–	₱–	₱149,903,644
Inter-segment	24,696,963	11,851,292	–	(36,548,255)	–
	₱132,464,288	₱53,987,611	₱–	(₱36,548,255)	₱149,903,644
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱15,311,132	₱8,892,328	(₱2,691,603)	₱–	₱21,511,857
Depreciation and amortization (Note 24)	(4,196,537)	(1,762,844)	(328,872)	–	(6,288,253)
Earnings before interest and income tax (EBIT)	₱11,114,595	₱7,129,484	(₱3,020,475)	₱–	₱15,223,604
Finance revenue (Note 26)	₱199,948	₱982	₱94,088	₱–	295,018
Finance costs (Note 27)	(₱194,551)	(₱267,862)	(₱343,762)	₱–	(806,175)
Equity in net loss of joint ventures (Note 15)	₱1,350	₱–	(₱380,317)	₱–	(378,967)
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	₱–	₱–	₱70,404	₱–	70,404
Provision for credit and impairment losses (Notes 9 and 12)	(₱33,845)	(₱293,193)	₱–	₱–	(327,038)
Other income*					3,394,640
Income before income tax					17,471,486
Provision for income tax (Note 29)					(3,000,198)
Net income					₱14,471,288
Other Information					
Total assets	₱113,352,380	₱51,272,556	₱5,328,693	₱–	₱169,953,629
Total liabilities	₱27,082,074	₱14,900,584	₱12,000,630	₱–	₱53,983,288
Capital expenditures	₱5,389,404	₱3,489,206	₱256,302	₱–	₱9,134,912
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	(₱4,054)	₱–	₱–	₱–	(₱4,054)
Property, plant and equipment (Note 12)	(29,791)	(293,193)	–	–	(322,984)
	(₱33,845)	(₱293,193)	₱–	₱–	(₱327,038)

***Includes net foreign exchange losses and other income (expenses)*

	As of and for the year ended December 31, 2021				
	Branded Consumer Food	Agro-Industrial and Commodity Food	Corporate Business	Eliminations	Total
Sale of Goods and Services					
Third party	₱83,522,784	₱33,432,004	₱–	₱–	₱116,954,788
Inter-segment	17,959,755	9,149,538	–	(27,109,293)	–
	₱101,482,539	₱42,581,542	₱–	(₱27,109,293)	₱116,954,788
Result					
Earnings before interest, income taxes and depreciation/amortization (EBITDA)	₱13,187,380	₱7,220,822	(₱1,928,931)	₱–	₱18,479,271
Depreciation and amortization (Note 24)	(3,789,211)	(1,704,790)	(268,875)	–	(5,762,876)
Earnings before interest and income tax (EBIT)	₱9,398,169	₱5,516,032	(₱2,197,806)	₱–	₱12,716,395
Finance revenue (Note 26)	₱197,998	₱1,808	₱55,566	₱–	255,372
Finance costs (Note 27)	(₱205,306)	(₱178,969)	(₱189,010)	₱–	(573,285)
Equity in net loss of joint ventures (Note 15)	₱–	₱–	(₱91,078)	₱–	(91,078)
Market valuation gain on financial assets and liabilities at FVTPL (Note 8)	₱–	₱–	₱87,195	₱–	87,195
Provision for credit and impairment losses (Notes 9, 10 and 12)	(₱549,736)	(₱22,483)	₱–	₱–	(572,219)
Other income*					2,721,599
Income before income tax					14,543,979
Provision for income tax (Note 29)					(1,578,671)
Net income from continuing operations					₱12,965,308
Net income from discontinued operations					11,280,572
Net income					₱24,245,880
Other Information					
Total assets	₱104,116,200	₱43,147,695	₱6,182,577	₱–	₱153,446,472
Total liabilities	₱ 25,048,014	₱10,811,157	₱7,819,567	₱–	₱43,678,738
Capital expenditures	₱7,776,376	₱4,997,180	₱426,136	₱–	₱13,199,692
Non-cash expenses other than depreciation and amortization:					
Impairment losses on:					
Receivables (Note 9)	(₱30,420)	₱–	₱–	₱–	(₱30,420)
Inventories (Note 10)	(87,540)	(21,628)	–	–	(109,168)
Property, plant and equipment (Note 12)	(431,776)	(855)	–	–	(432,631)
	(₱549,736)	(₱22,483)	₱–	₱–	(₱572,219)

**Includes net foreign exchange losses and other income (expenses)*

Inter-segment Revenues
Inter-segment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments excluding the amounts of market valuation gains and losses on financial assets at FVTPL, foreign exchange gains and losses and other revenues and expenses which are not allocated to operating segments.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant inter-segment transactions.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant inter-segment transactions. The Group also reports to the chief operating decision maker the breakdown of the short-term and long-term debts of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the additions to investment property and property plant and equipment during the period.

Geographic Information
The Group operates in the Philippines, Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong. As of December 31, 2021, the Group has discontinued its operations in New Zealand and Australia (see Note 30).

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced (in thousands):

	2023	2022	2021
Domestic	**₱125,575,194**	₱117,606,850	₱94,784,394
Foreign	**32,791,515**	32,296,794	22,170,394
	₱158,366,709	₱149,903,644	₱116,954,788

The Group has no customer which contributes 10% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets (in thousands):

	2023	2022
Domestic	**₱55,634,044**	₱52,934,837
Foreign	**34,071,345**	36,308,646
	₱89,705,389	₱89,243,483

7. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱68,770,232**	₱48,543,950
Cash in banks (Note 32)	**10,010,599,434**	8,897,029,367
Short-term investments (Note 32)	**2,108,137,531**	4,305,645,340
	₱12,187,507,197	₱13,251,218,657

Cash in banks consist of savings and current accounts that earn interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group and earn interest ranging from 0.10% to 7.30%, 0.35% to 7.30%, and from 0.03% to 5.30% for foreign currency-denominated money market placements for the years ended December 31, 2023, 2022, and 2021, respectively. Peso-denominated money market placements, on the other hand, earn interest of 4.00% for the year ended December 31, 2023 and interest ranging from 3.40% to 4.60%, and from 0.50% to 0.74% for the years ended December 31, 2022, and 2021, respectively.

Interest earned on cash and cash equivalents amounted to ₱259.6 million, ₱214.3 million, and ₱240.1 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Notes 26 and 30).

8. Financial Assets at Fair Value Through Profit or Loss

This account consists of investments held-for-trading amounting to ₱1.0 billion and ₱834.8 million as of December 31, 2023 and 2022, respectively. Investments held-for-trading consist of bonds, private equity funds, and quoted and unquoted equity securities issued by certain domestic and foreign entities.

Market valuation gain on financial assets at FVTPL amounted to ₱172.3 million, ₱70.4 million and ₱87.2 million for the years ended December 31, 2023, 2022, and 2021, respectively.

The Group received dividends from its quoted equity securities amounting to ₱64.6 million, ₱80.8 million and ₱32.3 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Note 26).

Interest earned on financial assets at FVTPL amounted to ₱5.8 million for the year ended December 31, 2023 (see Note 26).

9. Receivables

This account consists of:

	2023	2022
Trade receivables (Note 32)	**₱17,927,965,761**	₱15,255,487,783
Due from related parties (Note 32)	**2,463,470,608**	1,821,450,615
Non-trade receivables (Notes 32 and 35)	**1,661,444,980**	4,498,419,672
Interest receivable	**22,158,902**	22,844,495
Others	**1,031,351,549**	584,393,892
	23,106,391,800	22,182,596,457
Less: allowance for credit losses	**236,268,978**	226,961,552
	₱22,870,122,822	₱21,955,634,905

Non-trade and other receivables are noninterest-bearing and are due and demandable.

In 2022, the Group's non-trade receivables include receivable from an affiliate amounting to ₱2.4 billion which was collected in 2023 (see Notes 16 and 32).

Others include claims for insurance amounting to ₱120.0 million and ₱115.4 million as of December 31, 2023 and 2022, respectively.

Allowance for ECLs on Receivables

Changes in allowance for impairment losses on receivables follow:

	2023			
	Individual Assessment		**Collective Assessment**	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Total**
Balances at beginning of period	**₱50,651,246**	**₱157,169,779**	**₱19,140,527**	**₱226,961,552**
Provision for credit losses	**9,337,591**	**–**	**–**	**9,337,591**
Write-off/others	**(30,164)**	**–**	**–**	**(30,164)**
Balances at end of period	**₱59,958,673**	**₱157,169,779**	**₱19,140,527**	**₱236,268,979**

	2022			
	Individual Assessment		Collective Assessment	
	Trade Receivables	Other Receivables	Trade Receivables	Total
Balances at beginning of the period	₱149,037,894	₱208,970,376	₱19,140,527	₱377,148,797
Provision for credit losses	4,053,837	–	–	4,053,837
Write-off/others	(102,440,485)	(51,800,597)	–	(154,241,082)
Balances at end of the period	₱50,651,246	₱157,169,779	₱19,140,527	₱226,961,552

Allowance for ECLs on other receivables includes credit losses on nontrade receivables, advances to officers and employees and other receivables. Allowance for ECLs on advances to officers and employees amounted to ₱19.6 million as of December 31, 2023 and 2022. Allowance for credit losses on nontrade and other receivables amounted to ₱137.5 million as of December 31, 2023 and 2022.

10. **Inventories**

This account consists of inventories as follows:

	2023	2022
At cost:		
Raw materials	**₱18,535,605,992**	₱19,641,664,542
Finished goods	**17,608,709,032**	8,565,466,907
Goods in-process	**2,406,182,236**	2,596,807,505
	38,550,497,260	30,803,938,954
At NRV:		
Spare parts and supplies	**₱5,145,383,384**	₱4,652,204,726
Containers and packaging materials	**2,162,792,526**	2,608,518,160
	7,308,175,910	7,260,722,886
	₱45,858,673,170	₱38,064,661,840

The total cost of inventories stated at NRV is at ₱7.5 billion and ₱7.4 billion as at December 31, 2023 and 2022, respectively.

Under the terms of the agreements covering interest-bearing liabilities under trust receipts totaling ₱10.2 billion and ₱11.5 billion as of December 31, 2023 and 2022, respectively, certain inventories which approximate the trust receipts payable have been released to the Group under trust receipt agreements with the banks. The Group is accountable to these banks for the trusteed merchandise. Interest expense from trust receipts payable amounted to ₱677.4 million, ₱266.1 million and ₱176.3 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Note 27). Accrued interest payable on the Group's trust receipts liabilities amounted to ₱16.0 million and ₱18.8 million as of December 31, 2023 and 2022, respectively (see Note 18).

Inventory obsolescence included in 'Cost of sales' amounted to ₱1.2 billion, ₱808.3 million, and ₱798.9 million for the years ended December 31, 2023, 2022, and 2021, respectively.

11. **Other Current Assets**

This account consists of:

	2023	2022
Advances to suppliers	**₱5,105,797,597**	₱3,658,040,852
Input value-added tax (VAT)	**1,552,553,311**	1,591,655,015
Prepaid taxes	**376,209,257**	359,545,691
Prepaid insurance	**202,565,608**	94,617,315
Prepaid rent	**48,097,995**	74,284,606
Other prepaid expenses	**191,111,766**	64,925,242
	₱7,476,335,534	₱5,843,068,721

Advances to suppliers are generally applied to purchase of inventories and fixed assets, and availment of services within the next financial year.

Prepaid rent pertains to short-term leases of the Group that are paid in advance. Prepaid rent, taxes, and insurance are normally utilized within the next financial year.

Others include prepayments of advertising, office supplies and income tax credits that can be applied in the following quarter against the corporate income tax due or can be claimed as tax refund (whichever is applicable).

12. Property, Plant and Equipment

The rollforward of this account follows:

	As of and for the year ended December 31, 2023				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balance at beginning of year	₱8,306,498,154	₱2,368,030,502	₱20,456,911,142	₱85,417,288,506	₱116,548,728,304
Additions	3,383,868	–	153,629,781	791,454,269	948,467,918
Disposals, reclassifications and other adjustments	(33,500,053)	60,029,567	274,934,644	(904,687,862)	(603,223,704)
Balance at end of year	8,276,381,969	2,428,060,069	20,885,475,567	85,304,054,913	116,893,972,518
Accumulated Depreciation and Impairment Losses					
Balance at beginning of year	–	917,065,868	10,445,754,681	60,579,015,318	71,941,835,867
Depreciation and amortization (Note 24)	–	82,883,527	1,013,160,639	4,410,440,411	5,506,484,577
Provision for impairment losses	–	15,544,461	210,693,430	–	226,237,891
Disposals, reclassifications and other adjustments	–	56,275,610	242,971,337	(607,245,876)	(307,998,929)
Balance at end of year	–	1,071,769,466	11,912,580,087	64,382,209,853	77,366,559,406
Net Book Value	₱8,276,381,969	₱1,356,290,603	₱8,972,895,480	₱20,921,845,060	₱39,527,413,112

	As of and for the year ended December 31, 2023				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balance at beginning of year	₱3,288,509,955	₱5,947,891,475	₱10,193,647,505	₱4,015,954,491	₱139,994,731,730
Additions	33,510,790	165,312,575	8,380,398,883	687,657,811	10,215,347,977
Disposals, reclassifications and other adjustments	(25,319,428)	(112,879,108)	2,539,378,476	(4,015,954,491)	(2,217,998,255)
Balance at end of the year	3,296,701,317	6,000,324,942	21,113,424,864	687,657,811	147,992,081,452
Accumulated Depreciation and Impairment Losses					
Balance at beginning of year	2,685,073,739	5,250,450,692	–	–	79,877,360,298
Depreciation and amortization (Note 24)	143,977,427	270,325,086	–	–	5,920,787,090
Provision for impairment losses	–	302,250	–	–	226,540,141
Disposals, reclassifications and other adjustments	(20,222,046)	(114,845,644)	–	–	(443,066,619)
Balance at end of year	2,808,829,120	5,406,232,384	–	–	85,581,620,910
Net Book Value	₱487,872,197	₱594,092,558	₱21,113,424,864	₱687,657,811	₱62,410,460,542

	As of and for the year ended December 31, 2022				
	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Sub-total
Cost					
Balance at beginning of year (As Restated)	₱6,861,222,506	₱2,321,603,730	₱19,718,971,502	₱80,475,325,824	₱109,377,123,562
Additions	1,102,498,947	92,263,812	940,275,928	3,380,048,599	5,515,087,286
Additions from acquisition of subsidiaries (Note 14)	237,190,722	–	–	–	237,190,722
Disposals, reclassifications and other adjustments	105,585,979	(45,837,040)	(202,336,288)	1,561,914,083	1,419,326,734
Balance at end of year	8,306,498,154	2,368,030,502	20,456,911,142	85,417,288,506	116,548,728,304
Accumulated Depreciation and Amortization					
Balance at beginning of year	–	903,593,766	9,751,331,034	56,603,346,770	67,258,271,570
Depreciation and amortization (Note 24)	–	77,982,797	923,429,818	4,234,312,391	5,235,725,006
Disposals, reclassifications and other adjustments	–	(64,510,695)	(229,006,171)	(258,643,843)	(552,160,709)
Balance at end of year	–	917,065,868	10,445,754,681	60,579,015,318	71,941,835,867
Net Book Value	₱8,306,498,154	₱1,450,964,634	₱10,011,156,461	₱24,838,273,188	₱44,606,892,437

	As of and for the year ended December 31, 2022				
	Transportation Equipment	Furniture, Fixtures and Equipment	Construction In-progress	Equipment In-transit	Total
Cost					
Balance at beginning of year (As Restated)	₱3,196,798,731	₱5,801,194,125	₱7,648,126,607	₱5,136,687,997	₱131,159,931,022
Additions	137,317,274	246,583,976	2,421,653,105	814,270,377	9,134,912,018
Additions from acquisition of subsidiaries (Note 14)	–	–	–	–	237,190,722
Disposals, reclassifications and other adjustments	(45,606,050)	(99,886,626)	123,867,793	(1,935,003,883)	(537,302,032)
Balance at end of the year	3,288,509,955	5,947,891,475	10,193,647,505	4,015,954,491	139,994,731,730
Accumulated Depreciation and Amortization					
Balance at beginning of year	2,619,590,654	4,899,025,588	–	–	74,776,887,812
Depreciation and amortization (Note 24)	154,290,180	352,504,768	–	–	5,742,519,954
Disposals, reclassifications and other adjustments	(88,807,095)	(1,079,664)	–	–	(642,047,468)
Balance at end of year	2,685,073,739	5,250,450,692	–	–	79,877,360,298
Net Book Value	₱603,436,216	₱697,440,783	₱10,193,647,505	₱4,015,954,491	₱60,117,371,432

The Group entered into an agreement with Central Azucarera de Don Pedro, Inc. (CADPI) for the acquisition of its machineries and equipment used in the sugar milling plant operations. On June 6, 2023, the Parent Company and CADPI proceeded to close the sale transaction, with the signing and delivery of definitive sales agreements as well as performance of all conditions necessary for the closing of the transaction on June of the same year. The Group recognized property, plant and equipment amounting to ₱892.9 million from the transaction under the ‘Construction-in-progress’ account.

In May 2021, CFC Corporation executed a Memorandum of Agreement and Deed of Absolute Sale with a related party, selling its parcel of land costing ₱8.0 million at ₱3.1 billion selling price, net of ₱132.9 million unamortized discounts on long-term receivable (see Note 16). Gain on disposal attributable to sale amounted to ₱3.1 billion, which was recognized under ‘Other income (losses) - net’ in the consolidated statements of income.

In January 2021, the Parent Company executed a Memorandum of Agreement and Deed of Absolute Sale with a third party for the sale of its Tolong millsite with a selling price amounting to ₱1.2 billion. Gain on disposal attributable to sale amounted to ₱18.9 million, which was recognized under ‘Other income (losses) - net’ in the consolidated statements of income.

Borrowing Costs
For the years ended December 31, 2023, 2022, and 2021, no borrowing costs have been incurred related to property, plant and equipment under construction.

Depreciation
The breakdown of consolidated depreciation and amortization of property, plant and equipment follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Cost of sales (Note 21)	**₱5,373,826,246**	₱5,082,358,368	₱4,701,076,968
Selling and distribution costs (Note 22)	**254,914,658**	89,633,478	95,725,887
General and administrative expenses (Note 23)	**292,046,186**	570,528,108	526,676,490
Discontinued operations	**–**	–	825,235,341
	₱5,920,787,090	₱5,742,519,954	₱6,148,714,686

Impairment Losses
The Group recognized impairment losses on property, plant and equipment amounting to ₱226.5 million, ₱323.0 million and ₱432.6 million in 2023, 2022 and 2021, respectively. The impairment losses pertain to (a) property and equipment in non-operational plants; (b) office space leasehold improvements and furniture and fixtures; and (c) discontinued production line and hog farms.

Collateral
As of December 31, 2023 and 2022, the Group has no property and equipment that are pledged as collateral.

13. Biological Assets

Total biological assets shown in the consolidated statements of financial position follow:

	2023	2022
Current portion	**₱111,278,386**	₱205,303,346
Noncurrent portion	**160,655,341**	205,740,429
	₱271,933,727	₱411,043,775

These biological assets consist of:

	2023	2022
Swine livestock:		
Commercial	**₱90,750,402**	₱180,766,167
Breeder	**54,032,600**	94,745,595
Poultry livestock:		
Commercial	**20,527,984**	24,537,179
Breeder	**106,622,741**	110,994,834
	₱271,933,727	₱411,043,775

The rollforward analysis of this account follows:

	2023	2022
Balances at beginning of year	**₱411,043,775**	₱298,250,510
Additions	**472,987,816**	744,579,361
Disposals	**(612,434,036)**	(632,097,589)
Gain arising from changes in fair value less estimated costs to sell	**336,172**	311,493
Balances at end of year	**₱271,933,727**	₱411,043,775

The Group has 20,709 and 28,067 heads of swine livestock and 489,819 and 653,657 heads of poultry livestock as of December 31, 2023 and 2022, respectively.

14. Goodwill and Intangible Assets

The movement of the goodwill is as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱19,628,803,384**	₱19,017,429,187
Translation adjustment	**(883,327,702)**	611,374,197
Balance at end of year	**18,745,475,682**	19,628,803,384
Accumulated Impairment Losses		
Balance at beginning and end of year	**265,719,291**	265,719,291
Net Book Value	**₱18,479,756,391**	₱19,363,084,093

The composition of the Group's goodwill is as follows:

	2023	2022
Acquisition of Munchy's Group in December 2021	**₱17,691,511,167**	₱18,574,838,869
The excess of the acquisition cost over the fair values of the net assets acquired by UABCL in 2000	**775,835,598**	775,835,598
Acquisition of Balayan Sugar Mill in February 2016	**12,409,626**	12,409,626
	₱18,479,756,391	₱19,363,084,093

The composition and movements of intangible assets follow:

	As of and for the year ended December 31, 2023				
	Trademarks/ Brands	Product Formulation	Software Costs	Trade Secrets	Total
Cost					
Balances at beginning of period	₱3,183,803,505	₱425,000,000	₱151,221,059	₱1,363,305,068	₱5,123,329,632
Additions	966,072	–	605,555,134	–	606,521,206
Translation adjustments	(137,770,229)	–	–	(64,100,464)	(201,870,693)
	3,046,999,348	425,000,000	756,776,193	1,299,204,604	5,527,980,145
Accumulated Amortization and Impairment Losses					
Balances at beginning of period	201,551,877	–	57,383,454	–	258,935,331
Amortization during the period (Note 24)	125,498	–	81,735,831	–	81,861,329
Translation adjustments	97,935	–	109,334	–	207,269
	201,775,310	–	139,228,619	–	341,003,929
Net Book Value at End of Year	₱2,845,224,038	₱425,000,000	₱617,547,574	₱1,299,204,604	₱5,186,976,216

	As of and for the year ended December 31, 2022				
	Trademarks/ Brands	Product Formulation	Software Costs	Trade Secrets	Total
Cost					
Balances at beginning of period	₱3,086,710,140	₱425,000,000	₱–	₱1,318,433,102	₱4,830,143,242
Additions	650,719	–	151,221,059	–	151,871,778
Translation adjustments	96,442,646	–	–	44,871,966	141,314,612
	3,183,803,505	425,000,000	151,221,059	1,363,305,068	5,123,329,632
Accumulated Amortization and Impairment Losses					
Balances at beginning of period	201,524,581	–	–	–	201,524,581
Amortization during the period (Note 24)	76,585	–	57,383,872	–	57,460,457
Disposal/translation adjustments	(49,289)	–	(418)	–	(49,707)
	201,551,877	–	57,383,454	–	258,935,331
Net Book Value at End of Year	₱2,982,251,628	₱425,000,000	₱93,837,605	₱1,363,305,068	₱4,864,394,301

Trademarks, brands and trade secrets were recognized as a result of acquisition of Munchys' Group in 2021. There were also trademarks and product formulation from the acquisition of General Milling Corporation in 2008.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of December 31, 2023 and 2022. In 2023 and 2022, the recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations.

Value in use calculations used cash flow projections from financial budgets approved by management covering a five-year period.

Growth rate estimates - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Terminal growth rates used in computing the projected future cash flows ranged from 2.00% to 4.61% and 4.20% to 5.00% as of December 31, 2023 and 2022, respectively.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio. The discount rates applied to cash flow projections range from 8.59% to 12.86% and 9.30% to 10.54% for the years ended December 31, 2023 and 2022, respectively.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of goodwill and intangible assets arising from the Group's acquisitions to materially exceed their recoverable amounts.

15. Investments in Joint Ventures

The rollforward analysis of this account follows:

	2023	2022
Acquisition Cost		
Balance at beginning of year	**₱1,489,262,362**	₱1,028,262,362
Additional investments	**250,000,000**	461,000,000
Balance at end of year	**1,739,262,362**	1,489,262,362
Accumulated Equity in Net Losses		
Balance at beginning of year	**(1,351,171,873)**	(972,204,183)
Equity in net losses of joint ventures	**(287,249,905)**	(378,967,690)
Balance at end of year	**(1,638,421,778)**	(1,351,171,873)
Cumulative Translation Adjustments	**(1,491,631)**	(30,353)
Net Book Value at End of Year	**₱99,348,953**	₱138,060,136

Vitasoy-URC, Inc.
On October 4, 2016, the Parent Company entered into a joint venture agreement with Vita International Holdings Limited, a corporation duly organized in Hong Kong to form Vitasoy - URC (VURCI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Vitasoy" brand name, which is under exclusive license to VURCI in the Philippines.

On May 19, 2022, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 46.1 million common shares for a total cost of ₱461.0 million, which includes, ₱80.9 million cash and receivables amounting to ₱380.1 million converted to equity.

On April 28, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 7.5 million common shares for a total cost of ₱75.0 million which has been fully paid in cash.

Danone Universal Robina Beverages, Inc.
On May 23, 2014, the Parent Company entered into a joint venture agreement with Danone Asia Holdings Pte. Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "B'lue" brand name, which is under exclusive license to DURBI in the Philippines.

On April 19, 2021, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 5.0 million common shares for a total cost of ₱100.0 million.

On October 23, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 8.8 million common shares for a total cost of ₱175.0 million which has been fully paid in cash.

Calbee-URC Malaysia
On August 23, 2017, URC Malaysia entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee-URC Malaysia Sdn Bhd (CURM), a corporation registered with the Companies Commission of Malaysia organized to manufacture savory snack products.

Proper Snack Foods Ltd.
On June 30, 2017, Griffin's Food Limited (Griffin's) purchased 50.1% of the shares in Proper Snack Foods Ltd. (PSFL) for approximately NZ$7.8 million (₱275.3 million).

In January 2021, the Shareholders' Agreement was amended that resulted to Griffin's gaining ultimate control of the Board with no change in equity interest, which is still at 50.1%. No consideration was paid for the transaction and PSFL net assets at the time of business combination amounted to US$4.6 million (₱226.0 million).

Goodwill and non-controlling interest arising from the business combination amounted to ₱461.6 million and ₱341.3 million, respectively. PSFL is derecognized as part of Oceania business sale in October 2021 (see Note 30).

As of December 31, 2023 and 2022, the Parent Company has the following percentage of ownership of shares in its joint ventures and its related equity in the net assets as summarized below:

	Place of Business	Percentage of Ownership
VURCI	Philippines	50.00
DURBI	-do-	50.00
CURM	Malaysia	50.00

Summarized financial information in respect of the Group's joint ventures as of December 31, 2023 and 2022 are presented below (in thousands).

	VURCI		DURBI		CURM	
	2023	2022	**2023**	2022	**2023**	2022
Revenue	**₱403,489**	₱288,035	**₱407,828**	₱346,140	**₱462,239**	₱436,018
Costs and expenses	**390,564**	304,788	**408,273**	367,423	**414,442**	430,983
Net income (loss)	**(255,397)**	(324,430)	**3,196**	(25,867)	**36,776**	4,302
Current assets	**987,871**	594,380	**479,878**	358,119	**157,640**	₱170,215
Noncurrent assets	**482,759**	569,971	**5,025**	6,042	**37,570**	28,846
Current liabilities	**1,071,026**	834,849	**576,827**	805,526	**41,504**	75,816
Noncurrent liabilities	**9,470**	16,105	**1,982**	3,227	**–**	–
Equity	**₱390,134**	₱313,397	**(93,906)**	(₱444,593)	**₱153,707**	₱123,245
Group share in equity	**₱22,816**	₱80,682	**₱–**	₱–	**₱76,533**	₱57,378
Carrying amount of investment	**₱22,816**	₱80,682	**₱–**	₱–	**₱76,533**	₱57,378

The summarized financial information presented above represents amounts shown in the joint ventures' financial statements prepared in accordance with PFRSs.

The joint venture companies are private companies and there are no quoted prices available for their shares.

No dividends were declared by and received from the joint ventures for the years ended December 31, 2023 and 2022.

As of December 31, 2023 and 2022, there were no agreements entered into by the joint ventures that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from the Group. In addition, the Group has no share on commitments and contingencies of its joint ventures.

16. **Other Noncurrent Assets**

This account consists of:

	2023	2022
Deposits	**₱1,261,369,646**	₱923,159,218
Input VAT	**475,107,948**	473,049,635
Financial assets at FVOCI	**120,600,000**	105,450,000
Investment properties	**1,705,506**	1,958,173
Others	**327,342,353**	1,155,092,910
	₱2,186,125,453	₱2,658,709,936

Deposits
The Group's deposits pertain to the installation of power and water meters, returnable containers and security deposits for operating leases of plants, warehouses and office buildings. The security deposits are recoverable from the lessors at the end of the lease terms, which range from 2 to 30 years.

Input VAT
Input tax pertains to VAT from purchases and/or importations of various parts, supplies, equipment, machineries and or capital goods, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations.

Financial Assets at FVOCI
As of December 31, 2023 and 2022, financial assets at FVOCI consists of equity securities with the following movements:

	2023	2022
Balance at beginning of year	**₱105,450,000**	₱157,703,381
Reclassification/disposal	–	(77,103,381)
Changes in fair value during the year (Note 20)	**15,150,000**	24,850,000
Balance at end of year	**₱120,600,000**	₱105,450,000

Fair value changes of financial assets at FVOCI are presented as components of 'Other comprehensive income' in Equity.

Investment Properties
The rollforward analysis of investment properties follows:

	2023	2022
Cost		
Balance at beginning and end of year	**₱6,588,020**	₱94,554,666
Disposals	**–**	(87,966,646)
Balance at end of year	**6,588,020**	6,588,020
Accumulated depreciation		
Balance at beginning of year	**4,629,847**	67,803,878
Depreciation (Note 24)	**252,667**	3,211,360
Disposals	**–**	(66,385,391)
Balance at end of year	**4,882,514**	4,629,847
Net book value at end of year	**₱1,705,506**	₱1,958,173

Investment properties consist of buildings and building improvements which are leased out to related and third parties (see Notes 32 and 34).

In December 2022, the Parent Company executed a Deed of Absolute Sale with a related party for the sale of investment properties at ₱3.3 billion selling price. Gain on disposal attributable to the sale amounted to ₱3.3 billion, which was recognized under 'Other income (losses) - net' in the consolidated statements of income.

Total rental income earned from investment properties included under 'Other income (losses) - net' in the consolidated statements of income amounted to ₱41.8 million, ₱84.4 million, and ₱81.4 million for years ended December 31, 2023, 2022, and 2021, respectively.

Direct operating expenses (included under 'General and administrative expenses' in the consolidated statements of income) arising from investment properties amounted to ₱0.4 million, ₱0.9 million, and ₱0.8 million for the years ended December 31, 2023, 2022, and 2021.

As of December 31, 2023 and 2022, the Group has no investment properties that are pledged as collateral.

Others

Other noncurrent assets as of December 31, 2022 include noncurrent receivable from an affiliate amounting to ₱823.2 million, which was reclassified to current nontrade receivable as of December 31, 2023 as collection is expected to happen in 2024 per terms of the sale.

17. Short-term Debts

This account consists of:

	2023	2022
Peso-denominated loan - unsecured with interest ranging from 6.30% to 6.40% and 5.10% to 5.70% for the years ended December 31, 2023 and 2022, respectively	**₱15,140,000,000**	₱10,390,000,000
Thai Baht-denominated loans - unsecured with interest ranging from 2.80% to 2.95% and from 1.80% to 1.97% for the years ended December 31, 2023 and 2023, respectively	**1,376,814,596**	1,372,287,539
	₱16,516,814,596	₱11,762,287,539

Accrued interest payable on the Group’s short-term debts amounted to ₱119.2 million and ₱23.5 million as of December 31, 2023 and 2022, respectively (see Note 18). Interest expense from the short-term debts amounted to ₱744.4 million, ₱324.2 million and ₱156.8 million for the years ended December 31, 2023, 2022, and 2021, respectively (see Note 27).

18. Accounts Payable and Other Accrued Liabilities

This account consists of:

	2023	2022
Trade payables (Note 32)	**₱17,116,344,577**	₱15,097,599,464
Accrued expenses	**9,517,795,726**	7,911,839,895
Customers' deposits	**1,587,268,656**	1,613,432,305
Advances from stockholders (Note 32)	**267,241,952**	298,274,368
Due to related parties (Note 32)	**568,396,994**	204,199,106
VAT payable	**401,972,940**	125,115,362
Others	**194,770,514**	230,511,713
	₱29,653,791,359	₱25,480,972,213

Trade payables are noninterest-bearing and are normally settled on 30-60 day terms. Trade payables mainly arise from purchases of inventories which include raw materials and indirect materials (i.e., packaging materials) and supplies, for use in manufacturing and other operations.

Customers' deposits represent downpayments for the sale of goods or performance of services which will be applied against accounts receivables upon delivery of goods or rendering of services.

The accrued expenses account consists of:

	2023	2022
Advertising and promotions	**₱5,261,032,114**	₱4,186,309,791
Contracted services	**701,889,217**	584,962,038
Personnel costs	**914,683,089**	457,908,472
Freight and handling costs	**183,295,507**	340,281,970
Rent	**334,371,515**	280,995,742
Utilities	**302,925,758**	261,685,875
Professional and legal fees	**181,784,148**	172,601,985
Interest (Notes 10 and 17)	**135,180,599**	42,270,323
Others	**1,502,633,779**	1,584,823,699
	₱9,517,795,726	₱7,911,839,895

Accrued professional and legal fees include fees or services rendered by third party consultants to review the Group's new business and channel entry opportunities within the food and beverage space to drive additional growth. The related expense recognized under 'Other income (losses) – net' in the 2023, 2022 and 2021 consolidated statements of income amounted to ₱57.9 million, ₱43.2 million and ₱257.6 million, respectively.

Others include accruals for taxes and licenses, commission, royalties, and other benefits.

19. **Equity**

The details of the Parent Company's common stock as of December 31 follow:

	2023	2022
Authorized shares	**2,998,000,000**	2,998,000,000
Par value per share	**₱1.00**	₱1.00
Issued shares:		
Balance at beginning and end of year	**2,230,160,190**	2,230,160,190
Outstanding shares	**2,177,422,968**	2,178,507,618

The paid-up capital of the Parent Company consists of the following as of December 31, 2023 and 2022:

Common stock	₱2,230,160,190
Additional paid-in capital	21,191,974,542
Total paid-up capital	₱23,422,134,732

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a financial debt-to-equity ratio which is total financial debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

Following is a computation of the Group's financial debt-to-equity ratio:

	2023	2022
(a) Short-term debts (Note 17)	**₱16,516,814,596**	₱11,762,287,539
Trust receipts payable (Note 10)	**10,172,836,289**	11,457,712,536
	₱26,689,650,885	₱23,220,000,075
(b) Equity	**₱118,491,863,152**	₱115,970,341,095
(c) Financial debt-to-equity ratio (a/b)	**0.23:1**	0.20:1

The Group's policy is to not exceed a financial debt-to-equity ratio of 2:1. The Group considers its total equity as capital.

Cumulative Redeemable Preferred Shares

The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of December 31, 2023 and 2022.

Retained Earnings

Accumulated equity in net earnings of the subsidiaries

A portion of the Group's retained earnings corresponding to the undistributed net earnings of the subsidiaries and joint ventures amounting to ₱83.3 billion and ₱80.6 billion as of December 31, 2023 and 2022, respectively, is not available for dividend declaration. This becomes available for dividend declaration upon dividend distribution by the investees.

Dividends
Details of the Group's dividend declarations follow:

Parent Company

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2023	**March 28, 2023**	**₱1.50**	**₱3.3 billion**	**March 31, 2023**	**April 28, 2023**
2023	**August 31, 2023**	**₱2.12**	**₱4.6 billion**	**September 1, 2023**	**September 27, 2023**
2022	March 4, 2022	₱1.50	₱3.3 billion	April 03, 2022	April 29, 2022
2022	March 4, 2022	₱1.95	₱4.3 billion	April 03, 2022	April 29, 2022
2021	April 29, 2021	₱1.50	₱3.3 billion	May 20, 2021	June 15, 2021
2021	July 30, 2021	₱1.80	₱4.0 billion	August 19, 2021	September 15, 2021

NURC

Year	Date of declaration	Dividend per share	Total dividends	Date of record	Date of payment
2023	**July 20, 2023**	**₱5.53**	**₱1,045.0 million**	**December 31, 2022**	**September 29, 2023**
2022	June 21, 2022	₱3.19	₱603.0 million	December 31, 2021	September 30, 2022
2021	June 10, 2021	₱4.68	₱885.0 million	June 10, 2021	December 31, 2021

The Group intends to maintain an annual cash dividend payment ratio of 50.0% of the Group's consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. The BOD may, at any time, modify such dividend payment ratio.

Treasury Shares
The Parent Company has outstanding treasury shares of 52.7 million shares (₱3.8 billion) and 51.7 million shares (₱3.7 billion) as of December 31, 2023 and 2022, respectively, restricting the Parent Company from declaring an equivalent amount from unappropriated retained earnings as dividends.

Equity Reserve

In August 2012, the Parent Company acquired 23.0 million common shares of URCICL from International Horizons Investment Ltd for ₱7.2 billion. The acquisition of shares represented the remaining 23.00% interest in URCICL. As a result of the acquisition, the Parent Company now holds 100.00% interest in URCICL. The Group charged equity reserve from the acquisition amounting to about ₱5.6 billion presented under ‘Equity reserve’ in the consolidated statements of financial position.

In December 2014, URC entered into a share purchase agreement with Nissin Foods (Asia) Pte. Ltd. to sell 14.0% of its equity interest in NURC for a total consideration of ₱506.7 million. As a result of the sale, the equity interest of URC changed from 65.0% to 51.0%. The excess of the consideration received over the carrying amount of the equity transferred to NCI amounting to ₱481.1 million is presented under ‘Equity reserve’ in the consolidated statements of financial position.

In December 2019, Intersnack bought 40% of the Group’s equity interest in the Oceania businesses for a total consideration of ₱7.7 billion. As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%. The excess of the total consideration received over the carrying amount of the equity transferred to NCI amounting to ₱2.4 billion was presented under ‘Equity reserve’ in the consolidated statements of financial position.

In October 2021, the Group sold its remaining 60.0% equity interest in Oceania businesses to Intersnack (see Note 30). As a result, the Group derecognized the assets and liabilities related to its Oceania businesses. The Group is of the view that the Equity Reserve can be reclassified to Retained Earnings to present more useful information about its equity. The Group evaluated the nature of the Equity Reserve, and if there are specific requirements on its derecognition. Management also considered nature of equity and the applicability of the requirements of PFRSs and definitions, recognition criteria and measurement concepts in the Framework.

On February 8, 2022, the Group requested for the Philippine SEC’s opinion on the reclassification and subsequent treatment of the Equity Reserve. On February 22, 2022, the SEC confirmed that the reclassification of the Equity Reserve to Retained Earnings does not counter any principles in PFRSs, and would allow for more understandable financial information for users. Accordingly, the Group reclassified Equity Reserve amounting to ₱2.4 billion to Retained Earnings.

In February 2022, URC Foods (Singapore) Pte. Ltd. acquired 23,805 common shares of PPICL from Hong Kong Peggy Foods Company Limited for ₱ 214.9 million. The acquisition of shares represented 100.00% interest in PPICL. The Group charged equity reserve from the acquisition amounting to about ₱13.2 million presented under 'Equity reserve' in the consolidated statements of financial position.

In October 2023, UABCL acquired 2,000,000 common shares of URC Malaysia from a non-controlling interest for ₱0.4 million (MYR 36,000). The acquisition of additional shares resulted to an increase of the equity interest of URC from 91.5% to 95.6%. The Group charged equity reserve from the acquisition amounting to about ₱15.7 million presented under 'Equity reserve' in the consolidated statements of financial position.

Non-controlling Interest

The equity interest held by non-controlling interest in NURC, a subsidiary with material non-controlling interest, is 49.0% as of December 31, 2023 and 2022.

The summarized financial information (before inter-company eliminations) of NURC, a subsidiary with material non-controlling interest follows (in thousands):

	2023	2022
Current assets	**₱2,750,445**	₱3,087,614
Noncurrent assets	**1,904,365**	1,484,820
Current liabilities	**2,733,488**	2,821,929
Noncurrent liabilities	**114,835**	129,530
Revenue	**10,169,120**	9,891,350
Costs and expenses	**8,524,454**	8,488,123
Net income	**1,234,847**	1,070,666

The accumulated non-controlling interest of material non-controlling interest as of December 2023 and 2022 amounted to ₱875.8 million and ₱784.9 million, respectively.

The profit allocated to non-controlling interest for the years ended December 31, 2023, 2022, and 2021, amounted to ₱613.3 million, ₱515.1 million, and ₱922.2 million, respectively.

Record of Registration of Securities with SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Registration Code:

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
February 17, 1994	Registration of authorized capital stock	–	₱1.00	₱–	1,998,000,000 common shares 2,000,000 preferred shares	–
February 23, 1994	Initial public offering					
	Subscribed and fully paid common shares	929,890,908	1.00	1.00	–	929,890,908
	New common shares	309,963,636	1.00	21.06	–	309,963,636
July 21, 1995	20.00% stock dividend	247,970,907	–	–	–	247,970,907
October 15, 2001	10.00% stock dividend	148,782,542	–	–	–	148,782,542
June 20, 2003	Property-for-share swap [the Parent Company shares in exchange for property of Robinsons Supermarket Corporation (RSC)]	49,871,556	–	–	–	49,871,556
December 16, 2005	Increase in authorized capital stock (payment by way of 15.00% stock dividend)	–	–	–	1,000,000,000 common shares	252,971,932

(Forward)

Date of offering	Type of offering	No. of shares offered	Par value	Offer price	Authorized number of shares	Issued and outstanding shares
February 7, 2006	New share offering for common shares:					
	a. Primary shares	282,400,000	₱1.00	₱17.00	–	282,400,000
	b. Secondary shares	352,382,600				
	c. Over-allotment shares	95,217,400				
November 14, 2007 to October 20, 2008	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(75,104,200)
April 21, 2009	Issuance of shares to JGSHI	–	–	–	–	5,787,452
December 8, 2009 to January 27, 2011	Acquisition of Parent Company's shares under the share buy-back Program	–	–	–	–	(91,032,800)
June 14, 2012	Sale of treasury shares	–	–	–	–	120,000,000
September 30, 2016	Sale of treasury shares	–	–	–	–	22,659,935
April 24, 2018	Issuance of shares to stockholders	–	–	–	–	2,521,257
April 24, 2018	Re-purchase of shares issued to stockholders	–	–	–	–	(2,521,257)
November 8, 2021 to December 13, 2021	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(3,178,490)
January 17, 2022 to August 22, 2022	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(22,475,760)
August 16, 2023 to December 22, 2023	Acquisition of Parent Company's shares under the share buy-back program	–	–	–	–	(1,084,650)
						2,177,422,968

The table below provides information regarding the number of stockholders of the Parent Company:

	2023	2022	2021
Common shares	**995**	996	1,002

20. Components of Other Comprehensive Income

The breakdown and movement of other comprehensive income attributable to equity holders of the Parent Company follow:

	2023	2022	2021
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments*	**₱4,101,683,755**	₱5,290,601,426	₱3,417,686,647
Net unrealized loss on cash flow hedges:			
Balance at beginning of year	**–**	–	(19,127,379)
Change in fair value during the year	**–**	–	19,127,379
Balance at end of year	**–**	–	–
	4,101,683,755	5,290,601,426	3,417,686,647
Item not to be reclassified to profit or loss in subsequent periods:			
Net unrealized gain on financial assets at FVOCI			
Balance at beginning of year	**84,360,000**	59,510,000	53,680,000
Change in fair value during the year (Note 16)	**15,150,000**	24,850,000	5,830,000
Balance at end of year	**99,510,000**	84,360,000	59,510,000
Remeasurement losses on defined benefit plans, gross of tax:			
Balance at beginning of year	**(54,989,150)**	(281,022,230)	(921,973,756)
Remeasurement gain (loss) on defined benefit plans during the year (Note 28)	**(610,082,870)**	226,033,080	640,951,526
Balance at end of year	**(665,072,020)**	(54,989,150)	(281,022,230)
Income tax effect	**166,267,291**	13,746,573	70,254,843
Balance at end of year	**(498,804,729)**	(41,242,577)	(210,767,387)
	(399,294,729)	43,117,423	(151,257,387)
	₱3,702,389,026	₱5,333,718,849	₱3,266,429,260

**All movements in cumulative translation adjustments arise from translation of foreign operations. No foreign operations were disposed of in 2023.*

The movement of other comprehensive income attributable to non-controlling interests follow:

	2023	2022	2021
Items to be reclassified to profit or loss in subsequent periods, net of tax:			
Cumulative translation adjustments	**(₱27,669,021)**	₱56,177,875	₱221,631,397
Change in fair value of cash flow hedges	**–**	–	12,751,586
	(27,669,021)	56,177,875	234,382,983
Item not to be reclassified to profit or loss in subsequent periods:			
Remeasurement loss (gain) on defined benefit plans (Note 28)	**(2,832,217)**	4,058,790	3,639,757
Income tax effect	**708,053**	(1,014,699)	(1,502,480)
	(2,124,164)	3,044,091	2,137,277
	(₱29,793,185)	₱59,221,966	₱236,520,260

21. Sale of Goods and Services/Cost of Sales

Sale of goods and services include revenue from tolling services amounting to ₱3.9 billion, ₱2.9 billion, and ₱1.8 billion for the years ended December 31, 2023, 2022, and 2021, respectively.

Cost of sales account consists of:

	2023	2022	2021
Raw materials used	**₱93,901,297,558**	₱84,065,603,708	₱56,052,221,111
Direct labor	**5,150,423,199**	5,620,993,801	4,893,555,266
Overhead costs	**25,160,051,833**	24,106,514,070	21,190,780,475
Total manufacturing costs	**124,211,772,590**	113,793,111,579	82,136,556,852
Goods in-process	**190,625,264**	(1,072,149,488)	58,176,006
Cost of goods manufactured	**124,402,397,854**	112,720,962,091	82,194,732,858
Finished goods	**(9,043,242,125)**	(2,034,498,016)	1,294,920,299
	₱115,359,155,729	₱110,686,464,075	₱83,489,653,157

Raw materials used include the Group's usage of both raw materials, and containers and packaging materials inventory.

Overhead costs are broken down as follows:

	2023	2022	2021
Utilities	**₱9,368,477,474**	₱9,408,867,224	₱8,008,784,020
Depreciation and amortization (Note 24)	**5,540,493,873**	5,321,911,921	4,906,407,621
Repairs and maintenance	**3,549,773,892**	3,363,144,332	3,158,280,693
Personnel expenses (Note 25)	**3,238,781,419**	2,994,780,805	2,749,398,308
Security and other contracted services	**1,093,492,053**	730,333,437	774,033,037
Rental expense (Note 34)	**320,376,886**	146,003,048	110,406,717
Insurance	**147,926,491**	126,706,180	131,450,588
Research and development	**36,451,537**	49,459,163	90,452,181
Handling and delivery charges	**69,832,879**	59,033,194	45,708,852
Others	**1,794,445,329**	1,906,274,766	1,215,858,458
	₱25,160,051,833	₱24,106,514,070	₱21,190,780,475

Others include excise taxes amounting to ₱1.5 billion, ₱1.5 billion, and ₱1.1 billion for the years ended December 31, 2023, 2022, and 2021, respectively.

22. Selling and Distribution Costs

This account consists of:

	2023	2022	2021
Freight and other selling expenses	**₱9,474,702,386**	₱8,802,249,988	₱6,676,963,507
Advertising and promotions	**7,925,678,920**	7,136,990,134	7,027,100,301
Personnel expenses (Note 25)	**2,130,300,401**	2,019,942,114	1,779,396,237
Depreciation and amortization (Note 24)	**406,561,310**	238,669,977	227,587,008
Repairs and maintenance	**166,565,240**	157,235,466	131,120,649
Others	**238,153,590**	253,732,592	240,447,457
	₱20,341,961,847	₱18,608,820,271	₱16,082,615,159

Others include research and development, communication, travel and transportation, rent and concessionaire's fee.

23. General and Administrative Expenses

This account consists of:

	2023	2022	2021
Personnel expenses (Note 25)	**₱2,936,466,479**	₱2,702,824,066	₱2,238,063,374
Repairs and maintenance	**543,047,695**	533,053,484	533,162,399
Depreciation and amortization (Note 24)	**456,039,584**	727,670,802	628,881,017
Security and contractual services	**374,266,193**	338,977,721	337,130,022
Taxes, licenses and fees	**210,158,854**	200,951,003	220,362,252
Professional and legal fees	**179,663,814**	151,973,328	148,528,802
Travel and transportation	**103,868,429**	125,059,380	68,231,263
Communication	**69,654,574**	92,320,278	76,294,217
Rental expense (Note 34)	**20,132,649**	87,901,734	67,320,560
Utilities	**24,348,703**	34,110,266	32,360,452
Stationery and office supplies	**19,639,467**	21,576,731	20,107,363
Others	**376,077,086**	368,336,342	295,683,388
	₱5,313,363,527	₱5,384,755,135	₱4,666,125,109

Others include insurance, memberships, bank charges, and representation and entertainment related to general and administrative functions.

24. Depreciation and Amortization

The breakdown of consolidated depreciation and amortization follows:

	2023	2022	2021
Cost of sales (Notes 12, 21 and 34)	**₱5,540,493,873**	₱5,321,911,921	₱4,906,407,621
Selling and distribution costs (Notes 12, 22 and 34)	**406,561,310**	238,669,977	227,587,008
General and administrative expenses (Notes 12, 16, 23 and 34)	**456,039,584**	727,670,802	628,881,017
Discontinued operations (Notes 12, 14, 30 and 34)	**–**	–	1,201,671,101
	₱6,403,094,767	₱6,288,252,700	₱6,964,546,747

25. **Personnel Expenses**

This account consists of:

	2023	2022	2021
Salaries and wages	**₱5,783,598,564**	₱5,531,771,986	₱4,630,470,962
Other employee benefits	**2,291,170,160**	1,944,039,435	1,822,742,002
Pension expense (Note 28)	**230,779,575**	241,735,564	313,644,955
	₱8,305,548,299	₱7,717,546,985	₱6,766,857,919

The breakdown of personnel expenses follows:

	2023	2022	2021
Cost of sales (Note 21)	**₱3,238,781,419**	₱2,994,780,805	₱2,749,398,308
Selling and distribution costs (Note 22)	**2,130,300,401**	2,019,942,114	1,779,396,237
General and administrative expenses (Note 23)	**2,936,466,479**	2,702,824,066	2,238,063,374
	₱8,305,548,299	₱7,717,546,985	₱6,766,857,919

26. **Finance Revenue**

This account consists of:

	2023	2022	2021
Bank interest income (Notes 7 and 30)	**₱259,634,381**	₱214,261,093	₱223,069,240
Dividend income (Note 8)	**64,605,739**	80,757,174	32,302,870
Interest income from financial assets at FVTPL	**5,798,206**	–	–
	₱330,038,326	₱295,018,267	₱255,372,110

27. Finance Costs

This account consists of finance costs arising from:

	2023	2022	2021
Short-term debts (Note 17)	**₱744,405,338**	₱324,236,395	₱156,785,297
Trust receipts (Note 10)	**677,369,640**	266,115,272	176,269,762
Interest expense on lease liabilities (Note 34)	**117,107,665**	189,697,980	203,442,993
Net interest on net pension liability (Note 28)	**41,940,792**	25,086,626	36,755,458
Others	**7,006,322**	1,038,792	31,289
	₱1,587,829,757	₱806,175,065	₱573,284,799

28. Pension Costs

The Group has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan, with Robinsons Bank Corporation (RBC) as Trustee. The plan provides for retirement, separation, disability and death benefits to its members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Ultimate Parent Company are represented in the Executive Retirement Committee. RBC manages the funds based on the mandate as defined in the trust agreement.

Under the existing regulatory framework, RA 7641, *the Philippine Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan. The Parent Company and all of its subsidiaries meet the minimum retirement benefit under RA 7641.

As of December 31, 2023 and 2023, the Group recognized net pension liability amounting to ₱1.3 billion and ₱419.7 million, respectively.

Changes in net defined benefit liability of funded funds and fair value of plan assets of the Group are as follows:

2023

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income (Note 20)						
	January 1, 2023	**Current service cost (Note 25)**	**Finance cost (Note 27)**	**Subtotal**	**Benefits paid**	**Return on plan assets (excluding amount included in net interest cost)**	**Actuarial changes arising from changes in experience adjustments**	**Actuarial changes arising from demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Subtotal**	**Contributions**	**December 31, 2023**
Present value of defined benefit obligation	**₱2,644,170,500**	**₱230,779,575**	**₱192,237,713**	**₱423,017,288**	**(₱314,173,986)**	**₱–**	**₱246,102,156**	**(₱26,784,963)**	**₱374,490,575**	**₱593,807,768**	**₱–**	**₱3,346,821,570**
Fair value of plan assets	**(2,224,433,806)**	**–**	**(150,296,921)**	**(150,296,921)**	**314,173,986**	**19,107,319**	**–**	**–**	**–**	**19,107,319**	**–**	**(2,041,449,422)**
	₱419,736,694	**₱230,779,575**	**₱41,940,792**	**₱272,720,367**	**₱–**	**₱19,107,319**	**₱246,102,156**	**(₱26,784,963)**	**₱374,490,575**	**₱612,915,087**	**₱–**	**₱1,305,372,148**

2022

		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income (Note 20)						
	January 1, 2022	Current service cost (Note 25)	Finance cost (Note 27)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest cost)	Actuarial changes arising from changes in experience adjustments	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions	December 31, 2022
Present value of defined benefit obligation	₱2,761,648,244	₱241,735,564	₱140,560,972	₱382,296,536	(₱219,741,409)	₱–	(₱99,942,442)	(₱13,406,415)	(₱166,684,014)	(₱280,032,871)	₱–	₱2,644,170,500
Fair value of plan assets	(2,378,441,455)	–	(115,474,346)	(115,474,346)	219,741,409	49,941,001	–	–	–	49,941,001	(200,415)	(2,224,433,806)
	₱383,206,789	₱241,735,564	₱25,086,626	₱266,822,190	₱–	₱49,941,001	(₱99,942,442)	(₱13,406,415)	(₱166,684,014)	(₱230,091,870)	(₱200,415)	₱419,736,694

The fair values of net plan assets of the Group by class as at the end of the reporting period are as follows:

	2023	2022
Assets		
Cash and cash equivalents (Note 32)	**₱176,852,438**	₱48,981,077
Loans receivable	**−**	240,570,000
Financial assets at FVOCI	**46,833,611**	65,616,796
Financial assets at FVTPL	**136,155,749**	−
Held to collect	**211,275,401**	253,596,206
UITF investments	**1,541,496,051**	1,573,367,141
Interest receivable	**7,671,554**	3,276,672
Prepaid tax	**595**	136
Land	**143,201,000**	143,201,000
	2,263,486,399	2,328,609,028
Liabilities		
Accounts payable, accrued trust and management fees	**49,840**	52,704
Due to Universal Robina Corporation	**221,987,137**	104,122,418
	₱2,041,449,422	₱2,224,433,906

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans are as follows:

	Parent Company		NURC	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Discount rate	**6.11%**	7.27%	**6.12%**	7.28%
Salary increase	**5.70%**	5.50%	**5.70%**	5.50%

	Parent Company		NURC	
	January 1, 31, 2023	January 1, 31, 2022	**January 1, 31, 2023**	January 1, 31, 2022
Discount rate	7.27%	5.09%	7.28%	5.08%
Salary increase	5.50%	4.00%	5.50%	4.00%

The overall expected rate of return on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

		Parent Company		NURC	
	Increase (Decrease)	**2023**	2022	**2023**	2022
Discount rate	1.00%	**(₱275,512,016)**	(₱207,298,546)	**(₱6,287,793)**	(₱5,456,570)
	(1.00%)	**320,002,031**	240,453,888	**7,338,968**	6,376,289
Salary increase	1.00%	**₱318,093,773**	₱242,329,425	**₱7,295,826**	₱6,426,865
	(1.00%)	**(278,955,603)**	(212,397,251)	**(6,366,778)**	(5,590,791)

The Group expects to contribute ₱242.5 million in the pension fund in 2024.

Shown below is the maturity analysis of the Group’s expected (undiscounted) benefit payments:

	2023	2022
Less than one year	**₱257,664,019**	₱290,515,662
More than one year to five years	**1,220,507,774**	1,082,867,017
More than five years to 10 years	**2,291,891,965**	1,744,812,861
More than 10 years to 15 years	**2,780,080,896**	2,359,752,343
More than 15 years to 20 years	**3,381,469,664**	2,909,200,675
More than 20 years	**8,056,787,071**	8,292,797,208

Shown below is the average duration of the defined benefit obligation at the end of the reporting period:

	2023	2022
	(Years)	
Parent Company	9	9
NURC	8	9

29. **Income Taxes**

Provision for income tax consists of:

	2023	2022	2021
Current	**₱3,255,921,696**	₱2,947,016,428	₱1,680,592,982
Deferred	**(275,753,927)**	53,181,603	(101,921,756)
	₱2,980,167,769	₱3,000,198,031	₱1,578,671,226

Components of the Group’s net deferred tax assets and liabilities follow:

	Net deferred tax assets		**Net deferred tax liabilities**	
	2023	2022	**2023**	2022
Deferred tax assets on:				
Pension liabilities	**₱343,285,916**	₱137,107,670	**₱–**	₱–
Accrued expenses	**182,136,113**	93,379,906	**361,951,293**	112,119,158
Leases	**124,409,021**	110,179,941	–	–
Impairment losses on trade receivables and property and equipment	**178,741,739**	123,423,925	**3,441,568**	3,164,094
Inventory write-downs	**96,532,565**	63,088,146	**2,026,484**	3,250,757
NOLCO	**138,206,779**	65,649,764	**–**	–
	1,063,312,133	592,829,352	**367,419,345**	118,534,009
Deferred tax liabilities on:				
Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks	**1,658,136**	1,574,093	–	–
Accelerated depreciation	**–**	–	**523,699,019**	189,894,873
Intangibles	**–**	–	**981,975,745**	1,030,428,235
Undistributed income of subsidiaries	**59,055,164**	58,734,976	**986,002,190**	1,059,546,801
Accrued revenue	**6,586,472**	48,557,395	–	–
Net unrealized foreign exchange gain	**26,995,159**	33,960,589	–	–
	94,294,931	142,827,053	**2,491,676,954**	2,279,869,909
Net deferred tax assets (liabilities)	**₱969,017,202**	₱450,002,299	**(₱2,124,257,609)**	(₱2,161,335,900)

As of December 31, 2023 and 2022, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱624.5 million and ₱392.1 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The unrecognized deferred tax assets consists mainly of unutilized losses, reinvestment and capital allowances from the Group's foreign subsidiaries.

Reconciliation between the Group's statutory income tax rate and the effective income tax rate follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in tax rate resulting from:			
Net income of subsidiaries with different tax rate	**(4.51)**	(9.17)	(17.53)
Income subject to lower tax rate	**(1.20)**	(0.93)	(0.24)
Equity in net income of a joint venture	**0.46**	0.54	0.09
Change in value of financial assets at FVTPL	**(0.27)**	(0.10)	(0.08)
Income exempt from tax	**(0.01)**	(0.06)	(1.04)
Interest income subjected to final tax	**(0.09)**	(0.04)	(0.04)
Nondeductible interest expense	**0.14**	0.03	0.01
CREATE Act adjustment	**–**	–	(0.12)
Others	**(0.52)**	1.90	1.21
Effective income tax rate	**19.00%**	17.17%	7.26%

Under Philippine tax laws, the Group is subject to income taxes, as well as other taxes. Other taxes paid consist principally of documentary stamp taxes, real estate taxes and municipal taxes.

Corporate Recovery and Tax Incentives for Enterprises or "CREATE" Act

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021. This aimed to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 of the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in the Official Gazette on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the Group:

- Effective July 1, 2020, Regular Corporate Income Tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%. Furthermore, effective July 1, 2020, interest expense allowed as a deductible expense is reduced by 20% from 33% of interest income subject to final tax.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Applying the provisions of the CREATE Act, the Company is subject to lower RCIT rate of 25% effective July 1, 2020.
- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated corporate income tax rate of the Company for the year 2020 is 27.5%. Consequently in 2021, the Company reversed a portion of its 2020 income tax payable and provision for current income tax accounts amounting to ₱93.8 million. Also, it derecognized its deferred tax assets amounting to ₱84.0 million, provision for deferred income tax for ₱37.3 million, and other comprehensive income for ₱46.7 million.

Current tax regulations further provides that an Optional Standard Deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT. For the years ended December 31, 2023, 2022, and 2021, the Group did not claim the OSD in lieu of the itemized deductions.

Entertainment, Amusement and Recreation (EAR) Expenses
Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (included under 'General and administrative expenses' in the consolidated statements of income) amounting to ₱76.2 million, ₱41.5 million, and ₱44.5 million for the years ended December 31, 2023, 2022, and 2021, respectively.

MCIT
An MCIT on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years.

30. Discontinued Operations and Disposal of Businesses

Sale of Oceania businesses
In July 2019, Intersnack, agreed to buy 40% of Oceania businesses of URC, to leverage on the Group's and Intersnack's know-how from their respective markets. This transaction is expected to yield better manufacturing, supply chain and sustainability practices and will set the groundwork for an even larger and more efficient Oceania operations. On December 23, 2019, the Australian Foreign Investment Review Board (FIRB) approved the transaction. Following the approval, the transaction was completed on the same date. Considerations received for the transaction consisted of cash and Yarra Valley net assets amounting to US$142.0 million (₱7.2 billion) and US$10.1 million (₱0.5 billion), respectively. As part of the agreement, Intersnack was also given an option to acquire an additional 9% equity share in Unisnack Holding Company Ltd. (UHC).

As a result of the sale, the equity interest of URC changed from 100.0% to 60.0%, and gave rise to 40% non-controlling interest in the consolidated financial statements. As the Group continued to exercise control over UHC, the partial disposal was accounted for as a transaction between owners in their capacity as owners, or an equity transaction, in accordance with the requirements of PFRS 3, *Business Combinations*. Accordingly, the excess of the total consideration received over the carrying amount of the equity transferred and call option issued to NCI amounting to ₱2.4 billion is presented under ‘Equity reserve’ in the consolidated statement of financial position.

On July 29, 2021, URC Oceania executed a share purchase agreement to sell its remaining 60% ownership interest in its Australia and New Zealand businesses (held under UHC) to Intersnack Group. The first tranche was the exercise of the call option from the 2019 transaction by Intersnack, which allowed it to acquire an additional 9% ownership interest (38,700 ordinary shares) in UHC at a pre-determined exercise price. This was immediately followed by the sale for cash of the remaining 51% ownership interest (219,300 ordinary shares) in UHC. The total cash received by URC Oceania from the 2021 disposal amounted to ₱24.0 billion.

The closing conditions were met, and the transaction was approved by the Australian Foreign Investment Review Board and New Zealand Overseas Investment Office on October 29, 2021. As a result of this transaction, the Group has relinquished control and ownership over UHC and its subsidiaries.

Cumulative translation adjustments related to UHC amounting to ₱214.8 million were also reclassified to profit and loss.

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the results of operations of UHC is presented as ‘Net income after tax from discontinued operations’ in the consolidated statements of income for the year ended December 31, 2021.

The results of operations of UHC in the consolidated statements of income are presented below:

	2021
Sale of goods and services	₱18,837,246,465
Cost of sales	12,856,083,612
Gross profit	5,981,162,853
Selling and distribution costs	2,862,499,842
General and administrative expenses	1,077,497,034
Operating income	2,041,165,977
Finance revenue	17,040,284
Finance costs	(740,256,456)
Foreign exchange gain - net	11,153,751
Other income (expense) - net	170,200,127
Income before income tax	1,499,303,683
Provision for income tax	319,170,663
Net income	1,180,133,020
Gain on deconsolidation	10,100,438,582
Net income from discontinued operations	₱11,280,571,602

	2021
Attributable to Parent Company	₱10,808,518,394
Attributable to non-controlling interest	472,053,208
	₱11,280,571,602

Other comprehensive income (losses) from discontinued operations consists of the following:

	2021
Attributable to Parent Company	(₱214,775,311)
Attributable to non-controlling interest	11,044,781
	(₱203,730,530)

Total gain on deconsolidation amounted to ₱10.1 billion, which is the difference between the consideration received and the carrying value of the Group's investment in UHC.

31. Earnings Per Share

The following reflects the income and share data used in the basic/dilutive EPS computations:

	2023	2022	2021
Net income attributable to equity holders of the parent	**₱12,091,292,370**	₱13,956,141,883	₱23,323,672,422
Weighted average number of common shares	**2,178,351,440**	2,185,417,208	2,203,752,076
Basic/dilutive EPS	**₱5.55**	₱6.39	₱10.58

The weighted average number of common shares excludes the treasury shares. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

There were no potential dilutive shares for the years ended December 31, 2023, 2022, and 2021.

32. Related Party Transactions

The Group, in the regular conduct of its business, has entered into transactions with JGSHI, its ultimate parent, and other related parties principally consisting of sales, purchases, advances and reimbursement of expenses, regular banking transactions, leases and, management and administrative service agreements. Transactions with related parties are generally settled in cash.

Intercompany transactions with subsidiaries are eliminated in the accompanying consolidated financial statements. Details of related party transactions are as follows:

December 31, 2023								
Related Party	**Category/ Transaction**	**Amount/ Volume**	**Cash and Cash Equivalents** (Note 7)	**Lease Liability** (Note 34)	**Trade Receivable (Payable) - net** (Notes 9 and 18)	**Non-trade Receivable (Payable) - net** (Notes 9 and 18)	**Terms**	**Conditions**
Ultimate Parent Company	Rental expense	**₱117,630,799**	**₱–**	**(₱550,008,074)**	**₱–**	**₱34,814,238**	On demand	Unsecured
	Management services	**69,608,176**	–	–	**(57,173,992)**	**66,885,524**	On demand	Unsecured
	Advances	**37,992,715**	–	–	**1,739,838**	**587,506,134**	On demand	Unsecured
Entities under common control								
Due from related parties	Sale of goods	**802,753,828**	–	–	–	–	On demand; non-interest bearing	Unsecured; no impairment
	Management services	**133,025,261**	–	–	**146,099,493**	**1,055,986,365**	On demand; non-interest bearing	Unsecured; no impairment
	Advances	**2,024,488**	–	–	–	**247,587,622**	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	**216,423,873**	–	**(1,270,034,354)**	–	–	On demand	Unsecured
	Purchases	**3,661,596**	–	–	**(282,743,497)**	**(695,471,094)**	On demand	Unsecured
	Electricity and utilities	**66,056,006**	–	–	–	–	On demand	Unsecured
	Contracted services	**160,432,958**	–	–	–	–	On demand	Unsecured
Cash and cash equivalents	Cash in bank	**(975,852,652)**	**2,295,984,877**	–	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Short-term investments	**(156,725,733)**	**660,669,978**	–	–	–	Interest-bearing at prevailing market rate; due from 30 to 32 days; with interest of 3.4%	Unsecured; no impairment
	Interest income	**31,678,608**	–	–	–	–	Due from 30 to 70 days	Unsecured
Subsidiaries								
Due from related parties	Sale of goods	**2,703,042,476**	–	–	**754,888,972**	–	On demand; non-interest bearing	Unsecured; no impairment
	Dividend income	**2,703,512,516**	–	–	**873,000,000**	–		
Due to related parties	Purchases	**18,261,360,672**	–	–	**(3,799,977,925)**	–	On demand	Unsecured
	Rent expense	–	–	–	**(25,044,537)**	–	On demand	Unsecured
Joint Venture								
Due from related parties	Sale of goods	**9,018,919**	–	–	**1,312,153,118**	**197,495,837**	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	**11,658,711**	–	–	–	–	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Purchases	**109,699,142**	–	–	–	**(506,874,778)**	1 to 30 days; non-interest bearing	Unsecured

				December 31, 2022				
Related Party	Category/ Transaction	Amount/ Volume	Cash and Cash Equivalents (Note 7)	Lease Liability (Note 34)	Trade Receivable (Payable) - net (Notes 9 and 18)	Non-trade Receivable (Payable) - net (Notes 9 and 18)	Terms	Conditions
Ultimate Parent Company	Rental expense	₱134,023,567	₱–	(₱637,984,654)	₱–	(₱1,695,832)	On demand	Unsecured
	Management services	188,151,605	–	–	–	(12,293,950)	On demand	Unsecured
	Advances	520,713,170	–	–	–	583,283,379	On demand	Unsecured
Entities under common control								
Due from related parties	Sale of property	3,303,354,600	–	–	–	2,383,354,600	Payable until 2023	Unsecured; no impairment
	Sale of goods	1,288,787,045	–	–	166,329,194	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	44,670,092	–	–	–	40,752,773	On demand; non-interest bearing	Unsecured; no impairment
	Management services	331,276,803	–	–	(44,102,715)	771,071,003	On demand; non-interest bearing	Unsecured; no impairment
	Advances	102,523,371	–	–	–	655,700,729	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	352,821,049	–	(1,288,505,152)	–	(90,688,462)	On demand	Unsecured
	Purchases	1,266,873,883	–	–	(6,526,298)	(56,894,020)	On demand	Unsecured
	Electricity and utilities	144,926,143	–	–	–	(24,128,321)	On demand	Unsecured
	Contracted services	155,690,895	–	–	–	(79,039,936)	On demand	Unsecured
Cash and cash equivalents	Cash in bank	(893,393,503)	3,271,837,529	–	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Short-term investments	(882,151,142)	817,395,711	–	–	–	Interest-bearing at prevailing market rate; due from 30 to 70 days; with interest of 3.4% to 4.6%	Unsecured; no impairment
	Interest income	18,092,887	–	–	4,456,210	–	Due from 30 to 70 days	Unsecured
Subsidiaries								
Due from related parties	Sales	3,209,443,761	–	–	472,516,808	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	28,396,810	–	–	–	5,891,647	On demand; non-interest bearing	Unsecured; no impairment
	Dividend income	4,178,119,363	–	–	–	–		
Due to related parties	Purchases	18,641,411,355	–	–	(3,066,378,316)	–	On demand	Unsecured
	Rent expense	17,589,486	–	–	(25,044,537)	–	On demand	Unsecured
Joint Venture								
Due from related parties	Sale of goods	62,161,426	–	–	52,052,816	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	11,208,733	–	–	–	739,234,216	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Purchases	738,296,411	–	–	(192,058,291)	–	1 to 30 days; non-interest bearing	Unsecured

			December 31, 2021						
Related Party	Category/ Transaction	Amount/ Volume	Cash and Cash Equivalents (Note 7)	Short-term debt (Note 17)	Lease Liability (Note 34)	Trade Receivable (Payable) - net (Notes 9 and 18)	Non-trade Receivable (Payable) - net (Notes 9 and 18)	Terms	Conditions
Ultimate Parent Company	Rental expense	₱118,469,789	₱–	₱–	(₱706,413,557)	₱–	(₱9,341,133)	On demand	Unsecured
	Management services	47,994,974	–	–	–	–	(111,375,780)	On demand	Unsecured
Entities under common control									
Due from related parties	Sale of goods	1,379,110,949	–	–	–	113,588,779	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	50,028,712	–	–	–	–	66,939,815	On demand; non-interest bearing	Unsecured; no impairment
	Management services	350,682,817	–	–	–	–	1,842,463,521	On demand; non-interest bearing	Unsecured; no impairment
	Advances	–	–	–	–	–	572,508,369	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Rental expense	227,831,704	–	–	(1,491,469,151)	–	–	On demand	Unsecured
	Purchases	1,298,087,872	–	–	–	(117,955,615)	–	On demand	Unsecured
	Electricity and utilities	346,722,292	–	–	–	–	(77,533,427)	On demand	Unsecured
	Contracted services	163,608,143	–	–	–	–	(41,116,399)	On demand	Unsecured
Cash and cash equivalents	Cash in bank	3,191,256,651	4,165,231,032	–	–	–	–	Interest-bearing at prevailing market rate; due and demandable	Unsecured; no impairment
	Short-term investments	53,898,037	1,699,546,853	–	–	–	–	Interest-bearing at prevailing market rate; due from 21 to 56 days; with interest ranging from 0.1% to 0.2%	Unsecured; no impairment
	Interest income	4,299,202	–	–	–	866,393	–	Due from 21 to 56 days	Unsecured
Short-term debt	Short-term debt	200,000,000	–	–	–	–	–		
	Interest expense	2,776,111	–	–	–	–	–		
Subsidiaries									
Due from related parties	Sale of goods	2,646,671,031	–	–	–	520,965,116	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	26,516,110	–	–	–	–	2,995,831	On demand; non-interest bearing	Unsecured; no impairment
	Dividend income	9,095,145,203	–	–	–	–	–		
Due to related parties	Purchases	14,185,149,708	–	–	–	(3,498,836,584)	–	On demand	Unsecured
Joint Venture									
Due from related parties	Sale of goods	40,898,498	–	–	–	29,193,435	–	On demand; non-interest bearing	Unsecured; no impairment
	Rental income	2,896,927	–	–	–	3,137,399	–	On demand; non-interest bearing	Unsecured; no impairment
Due to related parties	Purchases	938,156,041	–	–	–	(137,124,921)	–	1 to 30 days; non-interest bearing	Unsecured

The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earn interest at the prevailing bank deposit rates.

As of December 31, 2023 and 2022, the Group has advances from stockholders amounting to ₱267.2 million and ₱298.3 million, respectively (see Note 18). These advances are non-interest bearing and payable on demand.

Transactions with the retirement plan
The Parent Company entered into an agreement to lease the land of the retirement plan for a period of one (1) year, renewable annually. Rentals incurred amounted to ₱25.3 million for the years ended December 31, 2023 and 2022. Terms are unsecured, noninterest-bearing and payable on demand.

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱395,089,323**	₱370,640,770	₱359,557,483
Post-employment benefits	**143,395,882**	136,134,954	37,335,668
	₱538,485,205	₱506,775,724	₱396,893,151

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

Approval Requirements and Limits on the Amount and Extent of Related Party Transactions
Material related party transactions (MRPT) refers to any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPT's shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

33. **Registration with the BOI**

Certain operations of the Parent Company are registered with the BOI as preferred pioneer and non-pioneer activities. As a registered enterprise, the Parent Company is subject to some requirements and is entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Sugar Millsite - Sonedco
On June 29, 2018, Sugar Millsite - Sonedco was registered with the BOI as an expanding producer of refined sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from September 2018 (as an expanding producer of refined sugar and its by-product) or actual start of commercial operation, whichever is earlier, but availment shall in no case be earlier than the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 22 and its Implementing Rules and Regulations. Only capital equipment, spare parts and accessories directly needed and exclusively used in its operation shall be entitled to zero duty; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with Customs Bonded Manufacturing Warehouse (CBMW) exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (f) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and export tax, duty, impost and fee for a period of ten (10) years from the date of registration; (i) access to CBMW subject to the Customs rules and regulations, and (j) additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure facilities.

The said expansion started commercial operation on November 27, 2018.

Sugar Millsite - Balayan
On September 8, 2017, Sugar Millsite - Balayan was registered with the BOI as an expanding producer of raw sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from November 2018 (as an expanding producer of raw sugar and its by-product) or actual start of commercial operation, whichever is earlier but in no case be earlier than the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 22 and its Implementing Rules and Regulations. Only equipment directly needed and exclusively use in its operation shall be entitled to capital equipment incentives; (c) additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (d) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (e) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; and (f) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

The said expansion started commercial operation early of 2019.

Sugar Millsite – URSUMCO
On April 29, 2021, Sugar Millsite - URSUMCO was registered with the BOI as an expanding producer of refined sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from April 2021 (as an expanding producer of refined sugar and its by-product) or actual start of commercial operation, whichever is earlier but availment shall in no case be earlier that the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 85 and its Implementing Rules and Regulations. Only capital equipment, spare parts and accessories directly needed and exclusively use in its operation shall be entitled zero (0) duty; (c) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (d) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (e) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (f) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (g) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (h) access to Custom Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations; (i) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from date of registration; and (j) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

The said expansion started commercial operation on April 1, 2021. For calendar year 2023, URSUMCO did not meet baseline figures for sales volume; hence not qualified to avail ITH benefits.

Cogeneration
On September 26, 2014, Cogeneration was registered with the BOI as a Renewable Energy (RE) developer of Bagasse-fired power plant.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years reckoned from the state at which the RE Plant generated the first kilowatt-hour of energy after commissioning or testing, or two (2) months from date of commissioning or testing, whichever is earlier, as certified by Department of Energy (DOE); (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the DOE certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the National Internal Revenue Code (NIRC) for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Liquefied Carbon Dioxide (LCO2)
On May 16, 2023, the Parent Company was registered with the BOI as a new domestic producer of LCO2.

Under the general terms and conditions of the registration, the Parent Company is eligible to the grant of the following incentives under Tier I of R.A. No. 11534: (a) Income Tax Holiday (ITH) for six (6) years from October 2023 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration; (b) after ITH, enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, raw materials, spare parts and accessories for a maximum of twelve (12) years.

Distillery

Producer of bioethanol (anhydrous) under RA 9513

On September 30, 2020, the Parent Company took over the operations of the Distillery from Roxol Bioenergy Corporation (RBC) after executing a Deed of Sale on the purchase of RBC's land and assets. The Distillery operations was registered with the BOI on October 24, 2008 as new producer of bioethanol (anhydrous) and potable (hydrous) ethanol under E.O. 226.

Per BOI letter dated October 22, 2014, the BOI registration as new producer of bioethanol (anhydrous) was transferred from E.O. 226 to R.A. 9513 (Renewable Energy Act of 2008) subject to new terms and conditions.

On February 24, 2021, the Certificate of Accreditation No. DOE-COA-2021-BE003A and Certificate of Registration No. RE-B2013-11-077A were both awarded by the Department of Energy (DOE) to the Parent Company. In addition, on March 24, 2021, the DOE issued a letter of endorsement to the BIR in relation to the Parent Company's application of 10% Corporate Tax Rate for income generated from the Distillery operations.

Under the new terms of the registration under RA 9513, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for seven (7) years reckoned from the date of actual commercial operations, as certified by the DOE; (b) duty-free importation of RE machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of BOI certificate of registration or until October 23, 2018; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery; (e) the NOLCO during the first three years from the start of commercial operation shall be carried over as deduction from the gross income as defined in the NIRC for the next seven consecutive taxable years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of power generated by the enterprise as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) the enterprise may be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge of power needed to service missionary areas, chargeable against the universal charge for missionary electrification; (j) tax credit equivalent to 100.0% of the value of VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Renewable energy developer of biomass resources
On August 28, 2013, Distillery was registered with the BOI as a manufacturer of bio-ethanol (fuel grade ethanol).

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years from March 2014 or date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the BOI certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the NIRC for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Robina Farms (RF) - Hogs
Producer of processed meat products
On October 28, 2019, RF - Hogs was registered with the BOI as a new producer of processed meat products, with a non-pioneer status.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of four (4) years from October 2019 or actual start of commercial operations, whichever is earlier, but availment shall not be earlier than the date of registration. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from registered project. The enterprise can avail of bonus year subject to certain terms and conditions provided that the aggregate ITH availment (regular and bonus years) shall not exceed eight (8) years. The ITH bonus year shall not be applicable to expansion and modernization project; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under Executive Order No. 85 and its Implementing Rules and Regulation; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration subject to posting of re-export bond; (f) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (i) access to CBMW subject to the Customs rules and regulations; (j) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from the date of registration; and (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

URC Flour
On July 7 2023, URC Flour was registered with the BOI as an new producer of wheat flour.

Under the general terms and conditions of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) Income Tax Holiday (ITH) for six (6) years; the income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the registered project (URC Flour Milling Plant located in Sariaya, Quezon; (b) after ITH, enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, raw materials, spare parts and accessories for a maximum of eleven (11) years.

No commercial operations has started in calendar year 2023.

---

34. **Commitments and Contingencies**

Milling Contracts
Milling contracts with various planters provide for a 60%-70% share to the planters (including related parties) and 30%-40% share to the Group of sugar and molasses produced from sugar canes milled. The Sugar Industry Development Act of 2015 provides that, to ensure the immediate payment of farmers and secure their income from sugarcane, farmers may enter into any payment method with the sugar mill.

Sugar under Custody but Not Owned
As of December 31, 2023 and 2022, the Group has in its custody sugar owned by several quedan holders amounting to ₱2.3 billion (913,415 Lkg) and ₱3.9 billion (1,098,275 Lkg), respectively. The said volume of sugar is not reflected in the consolidated statements of financial position since this is not owned by the Group. The Group is accountable to both quedan holders and sugar traders for the value of these trusteed sugar or their sales proceeds.

Leases
The Group's leases mostly pertain to land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures. Leases of land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures generally have terms ranging from two (2) to thirty (30) years.

Right-of-use Assets
Set out below are the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2023 and 2022:

	As of and for the year ended December 31, 2023					
	Land and Land improvements	**Buildings and Improvements**	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Total**
Cost						
Balance at beginning of year, as restated	**₱1,060,056,088**	**₱2,092,569,968**	**₱–**	**₱–**	**₱292,032**	**₱3,152,918,088**
Additions	**106,211,189**	–	–	–	–	**106,211,189**
Derecognition	**(837,145,671)**	**(75,964,257)**	–	–	–	**(913,109,928)**
Other adjustments	**(123,005,279)**	**109,229,294**	–	–	**5,565,034**	**(8,210,951)**
Balance at end of year	**206,116,327**	**2,125,835,005**	–	–	**5,857,066**	**2,337,808,398**
Accumulated Depreciation						
Balance at beginning of year	**215,851,788**	**935,469,657**	–	–	**24,350**	**1,151,345,795**
Depreciation (Note 24)	**19,611,521**	**241,846,404**	–	–	**976,572**	**262,434,497**
Derecognition	**(324,846,514)**	**(44,832,085)**	–	–	–	**(369,678,599)**
Other adjustments	**187,791,371**	**(196,760,281)**	–	–	**9,560**	**(8,959,350)**
Balance at end of year	**98,408,166**	**935,723,695**	–	–	**1,010,482**	**1,035,142,343**
Net Book Value at End of Year	**₱107,708,161**	**₱1,190,111,310**	**₱–**	**₱–**	**₱4,846,584**	**₱1,302,666,055**

	As of and for the year ended December 31, 2022					
	Land and Land improvements	**Buildings and Improvements**	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Total**
Cost						
Balance at beginning of year, as restated	₱1,058,715,816	₱2,248,946,430	₱30,891,009	₱1,100,448	₱–	₱3,339,653,703
Additions	–	441,393,255	–	–	292,032	441,685,287
Derecognition	–	(615,423,097)	(30,891,009)	(1,100,448)	–	(647,414,554)
Other adjustments	1,340,272	17,653,380	–	–	–	18,993,652
Balance at end of year	1,060,056,088	2,092,569,968	–	–	292,032	3,152,918,088
Accumulated Depreciation						
Balance at beginning of year	213,675,560	878,819,639	30,891,009	1,100,448	–	1,124,486,656
Depreciation (Note 24)	1,842,547	367,343,541	–	–	23,126	369,209,214
Derecognition	–	(333,932,655)	(30,891,009)	(1,100,448)	–	(365,924,112)
Other adjustments	333,681	23,239,132	–	–	1,224	23,574,037
Balance at end of year	215,851,788	935,469,657	–	–	24,350	1,151,345,795
Net Book Value at End of Year	₱844,204,300	₱1,157,100,311	₱–	₱–	₱267,682	₱2,001,572,293

Lease Liabilities
The rollforward analysis of the Group's lease liabilities as at December 31, 2023 and 2022 follow:

	2023	2022
As at January 1	**₱2,274,854,777**	₱2,480,767,596
Additions	**103,131,143**	376,395,049
Accretion from continued operations (Note 27)	**117,107,665**	189,697,980
Payments	**(358,364,833)**	(500,349,782)
Derecognition	**(692,690,596)**	(273,046,732)
Other adjustments	**(1,470,020)**	1,390,666
As at December 31	**₱1,442,568,136**	₱2,274,854,777

Derecognitions arose from disposal of business (see Note 30) and lease terminations during the period.

The maturity analysis of lease liabilities is disclosed in Note 4, *Financial Risk Management Objectives and Policies.*

Summarized below are the amounts recognized in the 2023 and 2022 consolidated statements of comprehensive income in relation to the Group's leases:

	2023	2022	2021
Cost of Sales			
Cost of services - depreciation of ROU assets (Note 21)	**₱28,908,442**	₱123,701,844	₱117,462,530
Rent expense - short term leases	**320,376,886**	146,003,048	190,368,277
	349,285,328	269,704,892	307,830,807
Operating Expenses			
Selling and distribution costs:			
Depreciation of ROU assets (Note 22)	**₱151,646,652**	₱149,036,499	₱131,861,122
Rent expense - short term leases	**289,872,297**	122,436,798	367,951,289
General and administrative expenses:			
Depreciation of ROU assets (Note 23)	**81,879,403**	96,470,872	98,993,166
Rent expense - short term leases	**20,132,649**	87,901,734	74,375,388
	543,531,001	455,845,903	673,180,965
Finance Cost and Other Charges - Accretion of Lease Liabilities (Note 27)	**₱117,107,665**	₱189,697,980	₱337,715,936
Rent Income	**₱2,905,749**	₱111,263,169	₱58,792,660

Operating Lease Commitments - Group as a Lessor

The Group has entered into (1) one-year renewable, noncancellable leases with various related parties covering certain land and buildings where office spaces are located. Future minimum rentals receivable under noncancellable operating leases amounted to ₱50.2 million, ₱40.2 million, and ₱70.6 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Operating Lease Commitments - Group as a Lessee

The Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to twenty years from the date of the contracts and are renewable under certain terms and conditions.

Future minimum rentals payable under noncancellable operating leases follow:

	2023	2022	2021
Within one year	**₱422,884,568**	₱423,371,120	₱473,308,116
After one year but not more than five years	**637,741,087**	1,152,560,695	1,441,900,057
More than five years	**1,511,435,564**	1,809,101,854	2,110,381,626
	₱2,572,061,219	₱3,385,033,669	₱4,025,589,799

Others

The Group has various contingent liabilities arising in the ordinary conduct of business which are under either pending decision by the courts, arbitration or being contested, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

35. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities are as follows:

	2023	2022	2021
Cumulative translation adjustment (Note 20)	**(₱1,188,917,671)**	₱1,872,914,779	₱507,763,509

In 2023, acquisitions of property, plant and equipment on account amounted to ₱1.0 billion.

The table below provides for the changes in liabilities arising from financing activities:

	January 1	Availment	Settlement	CTA/Others	December 31
2023	**₱11,762,287,539**	**₱11,550,000,000**	**(₱6,800,000,000)**	**₱4,527,057**	**₱16,516,814,596**
2022	₱7,808,029,451	₱19,630,000,000	(₱15,740,000,000)	₱64,258,088	₱11,762,287,539

As of December 31, 2023, part of the proceeds from disposal of property, plant and equipment and investment properties is recognized under current and noncurrent receivables from an affiliate (see Notes 12 and 16).

36. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the Audit Committee and the BOD on April 15, 2024.

Sustainability Report

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	Universal Robina Corporation
Location of Headquarters	Tera Tower, Bridgetowne, E. Rodriguez, Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila
Location of Operations	Philippines, China, Myanmar, Vietnam, Thailand, Malaysia, Indonesia
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	The economic section covers total URC, including Branded Consumer Foods (BCF) and Agro-Industrial and Commodities (AIC) business. There are some limitations on the coverage under the environment and social sections which will be mentioned in each segment. As the company continues in its sustainability journey, the coverage of the disclosure will be expanded.
Business Model, including Primary Activities, Brands, Products, and Services	The business of URC is segmented into two main groups, the Branded Consumer Foods (BCF) and the Agro-industrial and Commodities (AIC). BCF forms majority of the business segment of URC. It is comprised of strong household brands from the snack foods and beverages. Snack foods is further segmented into savory snack chips, candies, chocolates, biscuits, cakes and noodles. Beverages is divided into powdered and ready-to-drink segments. AIC is composed of the Agro-Industrial Group, Sugar & Renewables Division and the Flour Division. The Agro-Industrial Group consists of Farms, Feeds, Food Services, and Drugs & Disinfectant business segments. Sugar & Renewables Division produces raw sugar, refined sugar, molasses, bioethanol, power export, liquid CO_2, extra neutral alcohol and rectified spirit. The Flour Division produces hard and soft wheat flour for both commercial and institutional markets, and offers flour by-products such as wheat germ, bran, and pollard.
Reporting Period	January 1, 2023 to December 31, 2023
Highest Ranking Person responsible for this report	David J. Lim Jr. Chief Supply Chain and Sustainability Officer

Materiality Process

The identification of the materiality process began when the first Sustainability Report of URC was published in 2016 with reference to the Global Reporting Initiative (GRI) standards.

The exercise required the involvement of all relevant stakeholders and leaders of the organization in the identification of the company's most important focus areas.

This involved a group-wide materiality assessment, which started with an extensive stakeholder engagement defined by the leadership team and key people in the organization, namely, international business partners, shareholders, employees, consumers/customers, suppliers, government, and local communities.

This rigorous exercise gave us a perspective on how to further understand the opportunities and gaps, which helped define the five sustainability focus areas specifically, Natural Resources, People, Product, Supply Chain, and Economic Contribution. Having the well-defined focus areas gave people the north star direction on where the company should focus its resources and expertise to yield the most impact.

I. IDENTIFY & ENGAGE

A. **BENCHMARKING:** The exercise started with an industry benchmarking process versus the company's peers in the food and beverage industry.

B. **STAKEHOLDER ENGAGEMENT:** A series of engagements were conducted via survey testing and focus group discussions with identified key stakeholders, both internal (senior leadership team and employees from the Philippines and across the Region) and external (consumers, suppliers, local community partners, regulators, and key institutional investors).

II. PRIORITIZE & DESIGN

The materiality process assessed a range of issues facing the business, and the food and beverage industry as a whole, identified through the following: group-wide stakeholder engagement process, industry benchmarking, external ratings and reporting frameworks, and reports from industry and multilateral organizations.

In terms of scope and boundaries, the material issues have been defined from those within management control, with respect to the principles of relevance to business, business control, completeness, stakeholder inclusiveness, and materiality.

The materiality in 2016 continues to evolve, given the changes in business conditions, its alignment to United Nations' Sustainable Development Goals (SDG) as well as its relevance to key stakeholders.

From the preliminary results, further evaluation was conducted for each of the material areas to firm up the materiality or key focus areas based on the following principles: people, trust, value, and risk & opportunity.

PHASE 1:

1. **Natural Resources**

   The natural resources materiality is based on how the company will address operational efficiency, such as the use of energy and water in its operations which will eventually free up capital for reinvestment.

   This also addresses the resultant wastes in terms of production as the company further optimizes its processes and looks at opportunities in embedding resource efficiency principles.

2. **People**

   This material area encompasses both internal and external stakeholders such as employees and the local community partners. It looks at people engagement and how it contributes to the success of the business operations through knowledge transfer and capacity building.

3. **Products**

   Product materiality looks at both the material composition (raw materials and packaging) and the manufacturing process of the product. This includes food safety & quality, product innovation and wellness criteria.

PHASE 2:

4. **Supply Chain**

The supply chain management materiality promotes good, long-term supplier relationships across the business units. This covers how the company influences its suppliers in transforming their process towards traceability, and responsible sourcing & practices.

5. **Economic Performance**

This materiality is anchored to the company's values towards shared success and inclusive growth with its stakeholders. This includes embracing business practices that protect and enhance its people and the natural resources thus ensuring that the business including its people, consumer base, and the local communities where it operates in will continue to thrive with a sustainable future.

III. FEEDBACK

The identified materiality areas were presented to the sustainability steering committee of URC for approval. This was then cascaded during the JG Leadership Summit in the 4th quarter of 2017, which was attended by the top 400 leaders of the group including the senior leaders of URC.

IV. MODIFY

To supplement Phase 1, the company conducted a baselining exercise in 2018 and was able to develop its long-term strategies, and Key Performance Indicators (KPIs) by 2019. This was communicated to all its business units across the region.

By 2020, the organization renewed its 3-year sustainability strategies aligning it with the UN SDGs and supporting Phase 1 of the Sustainability journey which focused on People, Natural Resources, and Product. At the same time, the company accelerated Phase 2 by developing goals and actions to promote responsible sourcing of key ingredients such as palm olein, potato, corn, cocoa, tea and coffee beans.

In 2021, URC coined the term six (6) focus areas for these material topics covering People & Communities, Climate Action, Water, Product, Packaging and Sourcing. The company also renewed its commitments and refreshed its targets for each. In the same year, URC became the first Fast Moving Consumer Goods (FMCG) supporter of Task Force on Climate-related Financial Disclosure (TCFD) in the Philippines.

In 2022, URC consulted a leading expert in data and risk analysis that specializes in sustainability and usage of natural resources. From the engagement, URC had a better view in prioritizing the allocation of its resources and identification of opportunities for improvement based on its current state versus committed targets.

In the same year, the Sustainability Transformation Office (STO) Steering Committee headed by the company's President & CEO was formed. The committee is mandated to lead the sustainability transformation of URC.

The company's Board of Directors Corporate Governance Committee was amended to incorporate sustainability and was aptly renamed to the Corporate Governance and Sustainability Committee (CGSC), expanding its oversight to include functions on the Economic, Environment, Social and Governance aspects of sustainability, in addition to its existing mandate of the development of Corporate Governance principles and policies. Currently, it is composed of 3 independent directors.

In 2023, the ESG scores and sustainability focus areas performance were reviewed quarterly by the STO Steering committee. Based on the good progress, specifically for water and wellness criteria, targets have been upgraded.

The company will continue to assess and address Environment, Social, and Governance (ESG) performance using internationally recognized reporting standards and frameworks.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Quantity	Units
Direct economic value generated (revenue)	158,697	In million PHP
Direct economic value distributed:	154,864	In million PHP
a. Employee wages and benefits	17,457	In million PHP
b. Payments to suppliers, other operating costs	122,203	In million PHP
c. Dividends given to stockholders and interest payments to loan providers	9,986	In million PHP
d. Taxes given to government	5,198	In million PHP
e. Investments to community (e.g. donations & CSR)	20	In million PHP

Note:

- Employee wages and benefits include salaries and wages, other employee benefits, pension expense, direct labor under cost of goods sold (COGS) and contracted services
- Payments to suppliers and other operating costs include cost of sales, operating expense (excluding personnel cost, direct labor under COGS, contracted services, licenses and taxes), net foreign exchange gains (losses), market valuation loss on financial assets and liabilities at fair value through profit or loss – net, other income (expense)
- Dividends given to stockholders and interest payments to loan providers include dividends paid and finance cost
- Taxes given to government include provision for income tax and payments to government (taxes and licenses)
- Investment to community include key significant community engagement initiatives, food and beverage conducted by the company within the year
- Gross revenue includes sale from goods and services, and finance revenues

Impacts and Management Approach

Impacts: About 98% of our revenue flows back to society. The remaining 2% is reinvested in the organization given that we are on the path to growth based on our 5-year strategy.

Stakeholders: Shareholders, employees, regulators, consumers, communities where we operate in, suppliers, and customers.

URC continues to ensure financial stability through operational improvements such as upgrading processes, performing regular reviews and follow ups for accounts receivables, retraining of employees, conducting regular audits, streamlining billing processes and communicating changes to third party service providers, mitigating declining market value of assets, efficient sourcing of input materials, and foreign exchange risk mitigation, among many others.

Risks and Management Approach
Risks and Management: **1) Competition** The Company faces competition in all its business segments both in the Philippine and in the international markets where it operates in. The Philippine food industry in general is highly competitive. Although the degree of competition and competitive factors vary among the different segments where the company plays in, the company believes that price, product quality, brand awareness & loyalty, distribution network, proximity of distribution outlets to customers, product variations, and new product launches are key risk areas for the business. The Company's ability to compete effectively is due to the continuous efforts in selling and marketing its existing products, new product developments and launches, and cost rationalization. **2) Financial Market** The Company has foreign exchange exposure primarily associated with fluctuations in the value of the Philippine Peso against the U.S. dollar and other foreign currencies. Majority of the Company's revenues is denominated in Pesos, with certain portion of its expenses, including debt servicing and raw material costs, denominated in U.S. dollars or based on prices determined in U.S. dollars. Prudent fund management is employed to minimize effects of fluctuations in interest and currency rates. **3) Raw Materials** The Company's operations are highly dependent on obtaining adequate supplies of raw materials in a timely manner. Its profitability is also dependent on procuring good quality materials at a competitive price. To mitigate these risks, multiple alternative sources of raw materials are considered in the Company's sourcing strategy. The company also established the Supplier Code of Conduct for the purpose of ensuring that suppliers adhere to the company's requirements of quality, food safety, and responsible sourcing among others. **4) Food Safety Concerns** The Company's business could be adversely affected by an actual or alleged contamination or deterioration of its products, or of similar products produced by third parties. The risk of contamination or deterioration of its food products exists at each stage of the production cycle, including the purchase and delivery of raw materials, processing and packaging, stocking and delivery of the finished products to customers, and the storage and display at the points of final sale.

The Company conducts extensive research and development for new products, line extensions and enhancements to existing products, improvements in quality control and packaging, and tailoring products to meet the local preferences in the international markets.

For its agro-industrial business, its researchers are continually exploring advancements in breeding and farming technology. The Company regularly conducts market research and farm-testing for all of its products and ensures that the products are safe for human consumption, conforming to the standards and quality measures prescribed by regulatory bodies such as Bureau of Food and Drugs, Sugar Regulatory Authority, Bureau of Animal Industry, and Department of Agriculture.

5) Livestock Mortalities
The Company's agro-industrial business is greatly affected by the outbreaks of various diseases. The Company faces the risk of outbreaks of Foot and-Mouth Disease and African Swine Fever, which is highly contagious and destructive to susceptible livestock such as hogs, and Avian Influenza or bird flu for its chicken farming business. These diseases and many other types could result to mortality.

Disease control measures are adopted by the Company to minimize and manage these risks.

6) Intellectual Property Rights
Approximately 69% of URC's sale of goods and services in 2023 were from its branded consumer foods segment. The Company has put considerable efforts to protect the portfolio's intellectual property rights, including trademark registrations. Security measures are continuously taken to protect its patents, licenses, and proprietary formulae against infringement and misappropriation.

7) Weather and Catastrophe
Severe weather conditions may have an impact on some aspects of the Company's business such as its sugar cane milling operations due to reduced availability of sugar canes. Weather conditions may also affect the Company's ability to secure sufficient raw materials and impact the cost to purchase these.
Moreover, the Philippines has experienced a number of major natural catastrophes over the years including typhoons, droughts, volcanic eruptions, and earthquakes that may also affect the Company's operations.

Sufficient inventory levels are maintained to neutralize any possible shortfall of raw materials from unforeseen supply constraints both for locally-sourced and imported materials.

Physical risks brought by extreme weather conditions were evaluated by the company during the climate resilience project conducted by its parent company, JG Summit Holdings Inc. (JGSHI). Mitigation plans were developed to address the identified risks.

8) Environmental Laws and Other Regulations

The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety, among others. These stringent laws and regulations may increase the cost of operating and may require future capital expenditures.

The Company remains compliant with environmental laws and regulations mandated by the Department of Environment and Natural Resources (DENR) which are continuously evolving.
Controls and policies that are financially conservative are also adopted to manage business risks.

Opportunities and Management Approach
URC recognizes that both financial and non-financial risks could grossly impact its bottom line, affecting its economic value distribution. In light of this, a more comprehensive approach at consolidating and understanding these risks will be made in the short- to mid-term horizon as part of our overall sustainability strategy.

Climate-Related Risks and Opportunities

Governance, Risks, and Strategy

Governance:
As mentioned in the materiality process, the company's Board of Directors Corporate Governance Committee was amended to incorporate sustainability and was aptly renamed to the Corporate Governance and Sustainability Committee, expanding its oversight to include functions on the Economic, Environment, Social and Governance aspects of sustainability, in addition to its existing mandate of the development of Corporate Governance principles and policies. Currently, it is composed of 3 independent directors.

Part of the responsibilities of the CGSC are:
- Provide guidance and oversee policy-making on the Company's sustainability strategies, programs, initiatives and reports;
- Ensure overall Company support and alignment with appropriate standards and best practices on EESG and sustainable development; and
- Review and recommend the issuance and filing of URC's Sustainability Report to the Board for approval prior submission to SEC and other government agencies

The Sustainability Transformation Office (STO) Steering Committee, led by the President & CEO, drives the sustainability strategies of the company. The STO includes Project Management and Center of Excellence (COE) units, focusing on key areas like Climate Action. The Project

Governance, Risks, and Strategy
Management unit spearheads the feasibility and implementation of programs and initiatives that addresses threats and risks related to the sustainability focus areas, while the COE the oversees the communication to all key stakeholders and enhances sustainability literacy in the organization through trainings and learning sessions. **Risks:** The use of natural resources is an important component on how the company creates value for its stakeholders. The rise in global mean temperature and other climate related risks have a substantial impact not only in its direct operations, but also in the end-to-end supply chain. On the upstream, it may pose disruptions to its procurement operations in terms of availability and quality of raw materials. On the downstream, it may affect the behavior of consumers and their purchasing power. URC recognizes the following key risks areas in its value chain as a result of climate impact: • Reputational Risk • Strategic Risk • Operations Risk • People Risk • Financial Risk • Compliance Risk • Emerging Risk **Strategy:** Climate action is embedded under the “People and Planet Friendly Culture” strategy to ensure utmost priority across the organization. The company also integrated its target on energy use to the “Supply Chain Transformation” strategy driven by the LEAN manufacturing program and supply chain optimization. As the company progresses in its sustainability journey, it will continuously develop climate mitigation and adaptation strategies aligned with Task Force on Climate-related Financial Disclosure (TCFD) recommendations.

Risk Management
URC adopts the Committee of Sponsoring Organizations (COSO) framework, conducting Enterprise Risk Management to identify, assess, and mitigate risks. Medium to very high severity risks are prioritized, validated with stakeholders, and addressed through mitigation responses.

Risk Management
Moreover, to mitigate these risks, environmental stewardship is incorporated in the company's Environment Policy. The company commits to: ▪ Reduce environmental impact by implementing initiatives in climate action and resource management. ▪ Move towards a low carbon economy through reduction of greenhouse gas emissions by switching to cleaner fuels, maximizing energy usage, and investing in renewable energy sources

Metrics and Targets
URC commits to a low-carbon economy, aiming for a 30% improvement in Energy Use Ratio (EUR) by 2030 vs its 2020 baseline and achieve net zero carbon emissions by 2050. EUR is the measurement of energy consumption in relation to the total production volume, which covers all energy sources used by the company. In 2023, URC participated in the Climate Resilience Project led by the parent company, JG Summit Holdings Inc., where they tapped sustainability advisors for its climate scenario analysis aiming to evaluate the physical risks of the identified pilot site. The scope of service included baseline assessment, climate hazard characterization, and evaluation of climate risks and opportunities. For climate mitigation, the company will measure its greenhouse gas (GHG) emissions, targeting to baseline Scope 3 for priority key ingredients in 2024 while continuously reviewing scope 1 & 2 emissions. Moreover, the company integrated the "Sustainable Alternative Biofuels" squad and the "Solar at Scale" squad to form a combined team to look at alternative renewable sources of energy. The details of this squad can be found under the Energy Management, and GHG emissions portion of this report.

Procurement Practices

Proportion of Spending on Local Suppliers

Disclosure	Units	2022	2023
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	%	**61**	**55**

Note: Data covers BCF-PH and BCF-INT which composed of direct materials (raw material and packaging material) only

Impact, Stakeholders, and Risks
Impact: As a food and beverage business, procurement process plays a significant role within the value chain. The company recognizes that implementing an efficient and effective procurement process can provide timely and tangible cost improvements thereby increasing margin, ensuring safety and quality of goods purchased from suppliers, and keeping the company informed of supply chain issues and incidents. The procurement policies have set parameters on quality, traceability, and compliance. The company will make sure that it involves the quality management team in the procurement process to ensure safety and quality from the source. Implementing efficient and effective procurement practices can provide timely and tangible cost improvements to the company. **Stakeholders**: Suppliers, employees, customers, farmers, and local communities where it operates in **Physical Risks:** As part of business continuity, the company recognizes that the risks in severe weather conditions may have an impact on some aspects of the Company's business, such as raw materials sourcing that will impact the cost of goods. As a food and beverage company, URC uses significant input materials to sustain its production. The availability of these raw materials can be affected by the changes in climate, especially climate-sensitive critical raw materials such as coffee, cocoa, potato, sugar and corn. These changes can affect the livelihood of the farmers where the company sources out its material requirements from and can result lower yield and quality of the harvest. On top of this, crisis situations such as a pandemic, geopolitics, war, and supply chain disruptions can pose serious risks in sourcing of raw materials, packaging, essential services, and spare parts. **Currency Devaluation:** 45% of raw and packaging input materials from domestic and international business (excluding Myanmar, China, Hong Kong and Singapore business units) are imported. If the Peso experiences devaluation especially against the US dollar, it may impact profitability. **Breach**: The company recognizes the risk once a supplier fails to deliver their commitments in the agreed-upon contract. This will potentially cause delays and production disturbances in the company.

Management Approach to Impact & Risks
The procurement practices are aligned with the company's commitment to ensure the quality of products. Through the years, the company ensures that the finest sources of materials are utilized through stringent material, supplier accreditation and supplier management. It also shares best practices in terms of sourcing amongst its strategic partners like Danone of France, Nissin of Japan and Vitasoy of Hong Kong, where there are synergistic opportunities and learnings. Given that the company operates in different regions, and produces high-quality products, the input materials are sourced both locally and abroad. For the top materials (based on spending and the number of products that utilizes them), the company ensures that there are three different sources from different locations for business continuity. For other materials that may have less than three alternative sources, it has established an ongoing risk management program like alternative supplier qualification and alternative site qualification to support the process.

Management Approach to Impact & Risks
As for the company's procurement process, the company centralizes its procurement function where negotiations are done in the headquarters to leverage scale, harmonize quality specifications, provide corporate visibility, and ensure alignment to URC's policy. **Physical Hedging:** The company does forward contracts or physical hedging on specific raw materials that it believes will have material changes in price and/or face possible supply constraints. **Vertical Integration:** The sugar and flour milling operations of URC give the benefits in sourcing in terms of availability and quality management, especially since sugar and flour are part of the top 10 input materials in BCFG. On top of sugar and flour, the company has its own packaging division through URC Flexible Packaging. **Supplier Accreditation Policy and Process** URC oversees its procurement and sourcing processes, encompassing supplier accreditation, requirement identification, sourcing, contracting, and order fulfillment. This comprehensive approach ensures that the company consistently meets the needs of its stakeholders by engaging accredited suppliers and securing products at the right time, in the appropriate quality and quantity, and at the most competitive prices. Specific to food processing sector, URC emphasizes the importance of traceability for raw materials and production inputs. This commitment serves to uphold stringent food safety standards, reflecting the company's dedication to delivering products of the highest quality. Prioritizing proper procurement practices is integral to URC's strategy, preventing any lapses in achieving targets and objectives. To uphold these standards, URC adheres to its Supplier Accreditation Policy, detailed in Annex 3. This policy ensures that suppliers and contractors align with the company's stringent criteria for supply agreements. Suppliers and contractors undergo a meticulous accreditation process and receive orientation on URC's policies. URC follows group-wide policies on managing procurement, which is implemented through the Business Supplier Accreditation Team (BUSAT), supervised by each Business Unit's Procurement team. **Supplier Code of Conduct** URC established a set of standards to enable the company to pursue long-term business relationships with its partners based on responsible practices, transparency, and trust. The Supplier Code of Conduct which contains requirements on Business Integrity, Social, and Environment is communicated to all suppliers of URC for compliance. If non-compliance is raised and validated, suppliers are expected to resolve the issues and take necessary corrective actions promptly. Failure of suppliers to implement the recommended corrective actions in a timely manner gives URC the right to suspend or terminate business relationship until the corrective actions have been executed.

Management Approach to Impact & Risks
Food Safety and Quality Management Systems across the Value Chain URC's passion for quality is anchored on the vision of providing its customers with brands of exceptional quality and value. Compliance to URC's Food Safety and Quality Management System standards are strictly implemented within and quality at the source is heavily promoted to supplier partners. Supplier Food Safety and Quality Management System (FSQMS) Audits are conducted based on supplier risk assessment and supplier prioritization criteria to ensure the quality and safety of goods supplied to the company. **Sustainable Procurement** To promote responsible sourcing of raw and packaging materials, demonstrate environmental stewardship, and enable sustainable development of communities where the company operates, the company launched the Sustainable Procurement Program to revolutionize and lead the transformation towards the sustainable supply chain through the integration of 7 core subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues and community involvement in developing a holistic procurement and sourcing strategy. **Responsible sourcing:** 44% of the palm olein procured and used by the company in its operations in 2023 was RSPO Certified, ensuring the implementation of the highest standards and industry practices in the sourcing of palm olein and its derivatives. Also, 100% of the company's chipping potatoes were sourced from GAP-certified suppliers. The AIG business unit has been continuously using soybeans with the Sustainable US Soy Seal, receiving recognition from the US Soybean Export Council as the first company to use this in Southeast Asia in the previous year. **Sustainable farming:** The company continuously helps the local farmers increase their yield and scale-up productivity by providing high quality table potato seeds as farm inputs to selected potato farming communities in Benguet, Bukidnon, and Davao del Sur through the Sustainable Potato Program. Project Salig was also continuously implemented supporting the sugar cane farmers in Negros, and Batangas, in partnership with the local government. Further details are discussed under Relationship with Community section. **Supplier Engagement Forum:** Last November 10, 2023, the company conducted another virtual Forum attended by more than 180 suppliers. The key highlight of the program was the webinar on GHG Emissions provided by an external expert from the Carbon Trust, emphasizing the importance of starting with carbon footprint measurement to know where the highest carbon impact is and where to prioritize the decarbonization efforts, to balance effort with value on data collection and footprint calculation, and prioritize areas where emissions are more material. The important documents for submission, Supplier Code of Conduct and supplier disclosure questionnaires, were also reiterated during the program.

Management Approach to Impact & Risks
Supplier Management Program To further strengthen its supplier network, the company established a robust supplier management process aimed at becoming the preferred business partner. This involves effectively managing a growing supplier base through supplier performance evaluations, leveraging supplier relationship management, and assessing and mitigating supplier risks. **Supplier Awards** URC held its inaugural Global Supplier Excellence Awards on April 14, 2023, recognizing outstanding supplier performance and contributions to the company's success. The event aims to enable suppliers to commit to continuously improve and be sustainable, recognize the exemplary performance of the organization's suppliers and acknowledge those who made a difference and undoubtedly contributed to the success of URC in delighting everyone with good food choices. As a crucial component of the awards event, URC launched the UR Partner – Global Supplier Excellence Program last 2022, composed of Global Procurement, Quality Assurance, Planning and Sustainability teams. The program is anchored by 4 pillars, namely: Supplier Optimization, Supplier Performance Management, Sustainable Procurement and Risk Management & Supplier Engagement. The event kick-started with a welcome message from the Head of the Gokongwei Group, Lance Y. Gokongwei, who shared some insight at supplier partnerships throughout the years. The highlight was the awarding ceremony in six award categories such as UR Partner Collaboration, Quality Excellence, and Supplier of the Year. Over 35 awardees were acknowledged for excellence in quality, reliability, collaboration, sustainability, efficiency, and customer service. David J. Lim and Irwin C. Lee expressed gratitude for the essential contributions of suppliers in supporting URC's success and highlighted the importance of cultural collaboration for future growth. URC's supplier recognition programs demonstrate the company's endless commitment to improving and acknowledging efforts and contributions that strengthen and set up the company for success. These programs and activities contribute to the promotion of UN Sustainable Development Goals (SDG) 8,9 & 11.

Opportunities, Stakeholders, Management Approach
Key opportunities in URC's strategy towards a more sustainable sourcing: **1. Influence URC's Suppliers Towards Responsible Sourcing and Traceability -** As the company focuses more on sustainable operations, it is critical for URC's raw and input materials to be traceable and responsibly-sourced, thereby ensuring that it upholds the highest food safety standards. For example, palm olein, one of the critical raw materials, is already being sourced from Roundtable on Sustainable Palm Oil (RSPO)-certified suppliers like Cargill, Oleo Fats & Tap Oil. Moving forward, given that Supply Chain is part of its materiality, it endeavors to

Opportunities, Stakeholders, Management Approach
continuously influence the suppliers towards responsible sourcing through its accreditation process and implementation of the Responsible Sourcing Policy and Supplier Code of Conduct. **2. Strategic Partnerships and Programs –** The company drives its sustainable sourcing on tea, potato, and corn with its signature and significant programs. It further increases its scale across markets where the company operates as it embeds sustainability in its international business strategy, ensuring inclusive growth and quality from the source. **3. Partnership with Suppliers for Innovation –** The company started doing partnerships with some suppliers that will drive its competitive advantage. Operating on the belief that innovation can also be sourced from the company's partners, this is an excellent opportunity to strengthen its sourcing practices further as it becomes more hands-on and involved with the suppliers in their respective operations. **4. Enhance Supplier Accreditation –** The company continues to update the supplier accreditation process based on best-in-class practices on the input materials. Audit and management should cover tier 1 to tier 2 level of suppliers to ensure responsible sourcing.

Anti-Corruption

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to[1]	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2]	100	%
Number of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Note:
[1] 100% of new employees undergo onboarding training. The Code of Business Conduct and Offenses Subject to Disciplinary Action are part of the onboarding presentation. These policies and programs are also made available online for easy access to the rest of the employees for their reference and guidance.
[2] This accounts for total suppliers to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.

Upon onboarding, the board of directors (BOD) undergo an orientation on URC's Code of Conduct which includes the Anti-Graft Corruption Policy. The Company is committed to promoting transparency and fairness to all stakeholders. The BOD sets the tone and makes a stand against corrupt practices by adopting an Anti-Corruption Policy and program. Some of the Company's anti-corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, and OSDA, among others.

The anti-corruption policies and programs are made available online for easy access to all employees in the organization. An eModule on the Code of Business Conduct is also available in the Company's training platform where all the employees are required to complete to gauge their comprehension and retention of the Company policies and guidelines.

The Company also has URvoice, a digital platform where employees and stakeholders can freely and securely share their observations and concerns on adherence to company purpose, values and policies including Anti-Corruption.

A Business Conduct and Ethics E-learning Course was shared last Dec. 7, 2023 and completed by the following members of the Board of Directors:

1. James L. Go
2. Lance Y. Gokongwei
3. Johnson Robert G. Go, Jr.
4. Patrick Henry C. Go
5. Irwin C. Lee
6. Christine Marie B. Angco
7. Rizalina G. Mantaring
8. Cesar V. Purisima
9. Antonio Jose U. Periquet, Jr.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Impacts and Risks
Impacts: Corruption undermines URC's ability to equitably distribute economic value to the right stakeholders. If rampant, it could erode a culture of integrity, transparency and trust that is necessary in ensuring collaboration between employees, innovation, and synergy between business units. **Stakeholder:** Employees, Management

Risks: The company recognizes the risks associated with incidents of corruption, such as government penalties and reputational damage, which could subsequently result in plummeting of stock market price.

Management Approach for Impacts and Risks

Anchored on JG Summit's anti-corruption program, URC is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting an Anti-Corruption Policy and program. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, and OSDA, among others.

The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Further, all concerned employees are required to comply with the Self-Disclosure Activity on an annual basis, to disclose potential conflicts of interest.

The Company also has an established suitable framework for whistleblowing and ensures its enforcement to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices without fear of retaliation, and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

Conflict of Interest

The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations such that his/her judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

Conduct of Business and Fair Dealings

The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.

Receipt of Gifts from Third Parties

The Company allows the acceptance of gifts only during the Christmas Season. There is no restriction in the value of the gift accepted. However, accepted gifts with an estimated value of over PHP 2,000 must be disclosed to the Conflicts of Interest Committee.

Compliance with Laws and Regulations

The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.

Respect for Trade Secrets / Use of Non-Public Information

The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.

Use of Company Funds, Assets, and Information
Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

Employment and Labor Laws and Policies
The Company's Human Resources Unit ensures compliance with employment policies and labor laws.

Disciplinary Actions
Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that result from the employee's actions. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

Whistle Blower
Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee (CICOM). Reports or disclosures can be made in writing or by e-mail. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.

Conflict Resolution
The CICOM submits recommendations on courses of action to be taken on conflicts of interest situations. Decision is made by the Executive Committee. Integral to URC's Purpose, Values, and Ambition (PVA), which employs a four-pronged approach to cultivating trust within the organization, the Open-Door Policy is a management commitment to leave the proverbial door open to all employees and cultivate trust across all levels in the chain of command.

Opportunities & Management Approach

URC sees an opportunity in developing platforms where updates in anti-corruption policies can be cascaded internally, through retraining and via the Company's numerous communication channels. There is also an opportunity to evaluate the effectiveness of the policies covering anti-corruption, especially the channels through which complaints may be filed.

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Units	2022	2023
Energy consumption (Renewable sources)[1]	GJ	1,414,399	1,770,018
	%	20	24
Energy consumption (Electricity from non-renewable)	GJ	948,192	832,217
	%	13	11
Energy consumption (Fossil fuel)[2]	GJ	4,754,917	4,771,391
	%	67	65
Energy consumption (Total)	GJ	7,117,508	7,373,626
Energy Use Ratio (EUR) [3]	GJ/MT	2.65	2.70
Energy Intensity	GJ/MnPHP	47.48	46.56

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)
[1] Renewable sources include power generated from solar, biomass/biogas owned facilities, and electricity purchased from the renewable energy sources
[2] Fossil fuel includes diesel, bunker, LPG, LNG, CNG used in operations and gasoline used in company-owned vehicles
[3] EUR is the measurement of energy consumption in relation to production volume

Impact, Stakeholders, and Risks

Impact:

The company recognizes that energy costs are among the major operating expenses in our production and high energy consumption affects the per-unit production costs and margins.
Additionally, higher energy consumption from non-renewable sources can potentially impact air quality and contribute to increased carbon emissions resulting to increased global temperature and climate change. The company can also be exposed to energy regulations such as the Energy Efficiency and Conservation Act.

Stakeholders: Employees, regulators, and local communities where it operates in

Impact, Stakeholders, and Risks

Risks:

The company recognizes the risks to energy security due to increased competing demands from energy intensive sectors, including domestic consumption. The company also recognizes that energy generation from traditional sources can create a negative impact to air quality, health, and contribute to climate change. Overdependence on fossil fuels also exposes the country to fluctuations in energy prices, which has financial implications to the business.

Physical Risks: The country has experienced several typhoons, flooding and drought that have a direct impact to the entire supply chain operations.

Regulatory Risks: URC acknowledges the presence of regulatory risks in all markets where the company operates, and how this can affect operations. Compliance is always followed in the handling, storage, use and disposal of these fuels. The company uses different types of fuel to generate energy, such as diesel, bunker, liquified petroleum gas (LPG), coal, electricity, compressed natural gas (CNG), and liquefied natural gas (LNG). Total consumption per energy source is reported to the Department of Energy.

Capital Market Risks
As investors are becoming more conscious in responsible investing, sustainability has become a critical value driver aside from financials, with climate becoming a more common parameter in their negative screening process. URC's investors have started to request more action towards climate risk as they demand a more deliberate climate action strategy, actionable plans, progress, and transparency.

Market Risks due to Price Competitiveness
Higher energy can affect cost to produce which will give less room to manage prices if there's a significant inflation in the input materials.

Management Approach on Risks and Impact

Management approach:

The company is committed to substantially improve the energy consumption of its facilities by improving the Energy Use Ratio (EUR) by 30% in 2030 versus 2020 baseline. EUR is the measurement of energy consumption per volume produced. This covers all energy sources of the company.
Compared to its 2020 baseline energy consumption, the company has increased its EUR by 6%.
However, the increase in energy consumption also involves a higher utilization of renewable energy.

Management Approach on Risks and Impact

As incorporated in its Environment Policy, the company commits to:

- Reduce environmental impact by implementing initiatives in climate action and resource management.
- Move towards a low carbon economy by reducing greenhouse gas emissions by switching to cleaner fuels, maximizing energy usage, and investing in renewable energy sources

To drive this commitment, URC continuously implements LEAN Manufacturing methodology under the Supply Chain Transformation strategy which aims to lower production downtime, reduce waste, minimize GHG emissions, and optimize the use of natural resources. The LEAN Manufacturing program is currently being implemented and replicated across the operations under the Branded Foods Business.

Through the Sustainability Transformation Office, agile squads were formed to conduct feasibility studies and continuously implement energy efficiency programs. The updates of these programs were tracked and consolidated on a quarterly basis.

Solar Rooftop installation in URC sites

Since 2019, solar rooftops were installed across URC sites with a total of USD 8 Million in capital investments.

A total of 15,000 kWp were installed across BCFG PH and Intl sites with the following details:

Plant	Capacity (kWp)	Date of Operation
BCFG Philippines	**4,500.07**	
Calamba 1	3,500.00	2022-Oct
Canlubang	1,000.07	2019-Jun
BCFG International	**10,533.78**	
Malaysia - Batu Pahat	1,738.88	2020-Aug
Myanmar	319.00	2022-May
Vietnam - Coffee Plant	2,850.00	2022-Jun
Thailand - P1	993.60	2021-Oct
Thailand - P2/3	1,738.80	2021-Dec
Thailand - P4	1,245.60	2021-Aug
Thailand - P5	648.00	2021-Jul
Thailand - P6	999.90	2020-Jan

Through this initiative, 82, 353 GJ of energy used in the operations comes from solar energy in 2023.

Management Approach on Risks and Impact

Utilization of Biomass & Biogas

The company uses biomass and biogas as fuel to boilers to generate steam and electricity used in its operations. The Sugar and Renewables (SURE) sites uses bagasse for the boilers of its sugar mills while bagasse, biogas and spent wash were used in its distillery.

For BCFG plants, palm kernel shells, coffee spent grounds, wooden pellets and cotton trash were used as alternative fuel for boilers to generate steam used in operations. Biogas from discarded animal wastes were also used in AIG sites.

Through this initiative, 837, 611 GJ of energy consumption comes from biomass & biogas utilization.

Purchased Electricity from Renewable Energy Sources

Boosting the company's transition to renewable energy sources, the company has signed agreements with various retail electricity suppliers to supply more than 20 of the local facilities with geothermal, solar, and hydro power sources until 2025.

Through this initiative, 850,054 GJ of electricity consumed in 2023 comes from Renewable Sources which constitutes 51% of total purchased electricity.

Energy & Its Alternatives.

In 2023, the STO stood up the Energy and Its Alternatives squad combining the Sustainable Alternative Biofuels and Solar-at-scale squads previously established with key focus in BCFG Philippines.
The project objectives include:

Energy Efficiency: Reduce the energy usage for BCFG Philippines in 2023 vs prior year

Sustainable Partnerships: Identify cost-efficient and sustainable energy technology suppliers of alternative fuels.

In 2023, through the establishment of teams focusing on electricity, coal & LPG, the squad achieved impressive results:

- Achieved 1.21% reduction in energy consumption through:
  Energy efficiency initiatives - conduct of energy audits to identify top electricity consumers and address these by rectifying chiller inefficiencies through improvement of insulation piping temperature setting and regular preventive maintenance to ensure top running conditions. LED installations to 9 out of 17 BCFG plants
  Energy conservation practices – just on time start-ups reducing on pre-heating time, calibration of burners and de-sooting

Management Approach on Risks and Impact
• Maintained a record of zero Notice of Violation on Boiler emissions • Generated Php 23.74 million savings for solar & sub heater projects Currently, BCFG PH has two energy auditors and all its maintenance managers have been certified as Energy Managers reflecting the company’s dedication to upholding the highest energy efficiency standards. **Environment Recognition Programs** The company established an internal Sustainability Awards to recognize the URC plants and facilities and individuals in their pursuit of sustainability excellence and their contributions in driving URC towards its ambition of becoming a Sustainable Global Enterprise, specifically in the aspects of Quality, Efficient Resource Management, and Safety, Health, and Well-being. GREEN Excellence in Environment is awarded to a URC facility/plant and PCO with high optimization and responsible resource management in terms of energy and water consumption, waste management and environmental compliance. The company also recognizes best in class facilities in Government and Legal Compliance, Resources Optimization (Waste Minimization), Efficient Water Use, Energy Efficiency and Nature Protection. In 2023, the winner for the GREEN Excellence Awards and its category specifically for Energy Efficiency Management was: **GREEN Excellence in Environment Award** URC - La Carlota Sugar Mill **Category Awards** Best in Energy Efficiency Management: URC La Carlota Sugar Mill La Carlota Sugar Mill demonstrates its commitment to continuously evaluate and improve its energy management. The energy initiatives of the company mentioned above contributes positively to the SDGs 7,9, &13.

Opportunities and Management Approach

Opportunities:

Operating Efficiencies

As the threat of climate change increases, companies like URC are looking for opportunities to increase the efficiency of existing processes and cultivate the growth in renewable resource practices within the system.

Technology

The rise of Industry 4.0 across the world has demonstrated efficiencies in different industries. This is seen as a great opportunity to save in both financial and natural resources as well as improve operating efficiency. Installation of sensors will give operations a more agile approach in addressing problems quickly as well as effectively measure what can be improved.

Management Approach:

Lean Mindset

The company continues to implement the "LEAN mindset" across the facilities. The use of LEAN mindset enabled savings piloted in Calamba and replicated in other plants. The LEAN mindset enabled the organization to be more responsive towards addressing issues raised by operations, who are now enabled by upskilling of appropriate capabilities via training and education, immersion on the job and use of available analytical tools and techniques.

Renewable Sources

URC sees great opportunity in utilizing renewable sources of energy available in the sites. The sustainable energy utilization initiatives reduce URC's reliance on fossil fuels and purchased electricity by utilizing readily available materials in the plants, such as bagasse, biomass, and solar power generated from solar rooftop installations.

URC has invested resources to upgrade the plants by making them adaptive to renewable sources of energy. The company has put up biogas digesters, biomass-fed boilers, and solar panel systems; to generate renewable sources of energy for its use and intends to increase its capacity in the coming years. At the same time, the company exports excess power to the grid.

Opportunities and Management Approach
Agile squads were formed to continuously conduct feasibility studies, trials and implementation plans to increase utilization from renewable sources and exploration of other green fuel technologies and sustainable technologies to reduce coal consumption. URC’s long-term goal is to have all the plants utilize electricity from 100% renewable energy by 2025. URC commits to sustainable practices, investing in renewables, reducing emissions, and building a culture of environmental responsibility. Continuous improvement and alignment with global sustainability goals drive URC's journey towards a more eco-friendly and resilient future.

Water Consumption within the Organization

Disclosure	Units	2022	2023
Water withdrawal[1]	Cubic meters	17,909,980	18, 146,638
Water consumption[2]	Cubic meters	12,719,238	10,830,007
Water recycled and reused[3]	Cubic meters	707,810	939,100
Water intensity	Cubic meters / MnPHP	85	68
Water Use Ratio (WUR)[4]	Cubic meters /tonne	6.62	6.82

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)
[1] Water withdrawal is the volume of water extracted from ground water, surface water, sea water and third-party water
[2] Water consumption is computed as the difference between water withdrawal vs water discharge (found in effluents section)
[3] Water recycled and re-used is the volume of water from wastewater and rainwater recovery
[4] WUR is the measurement of water consumption in relation to production volume

Impact, Stakeholders, and Risks
Impact: The nature of the business involves the use of water at every stage of the value creation process. As such, it is imperative to acknowledge and exercise accountability in practicing more efficient water management as it directly affects operational costs, the availability of the water supply, regulatory compliance, and overall business continuity. **Stakeholders:** The employees, the communities where the company operates, regulatory, and local government units **Risks:** URC is well aware of the role water plays in its value creation. In turn, the company realizes that water shortage or drought poses a significant risk, both directly and indirectly, to the value chain. A direct risk the company may face in such an instance is the interruption of day-to-day operations, given that water is a vital component of nearly every stage of the production line. Therefore predictably, a prolonged shortage may result in the halting of product manufacturing altogether in a time of drought.

Impact, Stakeholders, and Risks
Indirectly, water shortage poses a risk to the company’s business. A prolonged shortage will lead to a dwindling supply and, consequently, an increase in procurement costs through alternative resources. Moreover, a shortage of such a scale may also urge an imposition of regulations on deep well extraction. This may also have adverse effects on the company’s supply chain and may therefore extend in their ability to deliver on the agreed upon conditions with URC. Consequently, assessing the supply chain in their readiness to operate in such circumstances is a necessary step for URC to take in order to ensure the continuity of its own operations.

Management Approach for Impact and Risks

Management Approach:

Realizing the importance of upholding sustainability across its value creation chain, URC has taken the responsibility of taking the necessary measures to safeguard its resources. In the case of water, this is done by measuring its Water Use Ratio (WUR) annually and tracking its progress towards its upgraded target of 40% reduction by 2030 vs the 2020 baseline data. The WUR is the measurement of water consumption in relation to production volume.

The company commits to environment protection by continuing responsible water stewardship works to improve water use efficiency and to protect watersheds as embedded in the environment, health and safety policy.

URC utilizes a mix source of water, from groundwater through deep wells, surface water, and municipal water. Notably, URC SURE reduces its water consumption by using recycled water in its operation through its closed-loop system project.

In addition to monitoring its progress towards its commitments, URC also adheres to the limits set by the National Water Resources Board (NWRB), monitoring its water withdrawal and ensuring its extraction rate is kept to what is allowable. The company's sites have flowmeters that track and monitor its water withdrawals from surface water sources and water bills from utility companies. The total water withdrawn per month is then reported to the sustainability data platform.

In the past year, the company has reduced its WUR by approximately 26% against the 2020 baseline data. However, a marginal increase of 2% was observed in the water use rate against the 2022 data.

The improvement vs. baseline was possible through the numerous water conservation initiatives URC undertook in the past year. These programs centered on three main principles of reducing, reusing, and recycling water in order to contribute to an improved WUR.

Reduction Initiatives

Management Approach for Impact and Risks
In the company's efforts to reduce water consumption, the installed harvesting units continued to be utilized to act as alternative sources of water for basic utility cleaning activities in various sites across URC. In 2023, a total of 139,125 cubic meters of rainwater was harvested. The company also increased its water efficiency through its continued use of level controllers and automatic shut off valves for feed water tanks in a number of Agro-Industrial Commodities (AIC) group sites. Leak detection and correction were also carried out in various sites across all business units. **Reusing initiatives:** In order to reuse water in its operations, steam recovery systems such as the construction of condensate lagoon and lines to recovery projects & make-up water have been put in place in select sites. This process returns condensate to be used as boiler feed water pre-heating. Cleaning-in-place (CIP) Rinse Water Reuse and Reverse Osmosis (RO) water reject recovery were also established. Moreover, the company reuses its water in the daily activities such as for cleaning of pallets, watering the greenery and for toilet- flushing. **Recycling Initiatives:** A number of URC sites utilize treated wastewater in spray ponds and wet scrubbers as a way to minimize water wastage. The company recycles its water by using non-virgin water in initial washing of some of our critical raw materials in snacks, such as unpeeled potato, which is considered one of the most water intensive activities in our value chain and by utilizing of waste water effluent for top up water for cooling towers. Despite the setback posed by the increase in WUR, the company continues to improve on and expand its current portfolio of programs as a steadfast commitment to reach its targets on water consumption. **Lean Mindset:** Realizing that there is no singular method to achieving the target set, the LEAN mindset continues to be implemented across the URC facilities. Recognizing that every facility faces nuanced yet similar challenges, the LEAN mindset enables the company to address issues tailored to the realities of the plants based on concerns brought forward by those most aware of and immersed in operations. Although the company has not evaluated its exposure to water risks in its direct operations, it recognized the need to conduct Source Water Protection Plan based on the result of source water vulnerability assessment (SVA) in the succeeding years. **Environment Recognition Programs** In 2023, under the Green Award, the category winner for Best in Water Management was awarded to Cavite Plant for its water usage reduction and recycling programs.

Opportunities
Opportunities: URC has the opportunity to further itself towards reaching the upgraded WUR reduction target of 40% by 2030 vs 2020 baseline data by incorporating innovative processes that would optimize water use. Through continued evaluation and reaction to the water use of plants, the company can continue to introduce improvements that will maximize the use of recycled water and minimize the use of virgin water. The company will stay up to date with best practices and adapt said practices to the needs of the plants in order to drive WUR reduction. Capital Expenditures for technologies and programs related to water are considered during financial planning. URC also plans to conduct Source Water Vulnerability Assessment in the succeeding years and leverage on current studies made on critical water areas in the country to investigate whether a portion of water withdrawn for this key commodity is from areas with water stress. The company is aware that its responsibility in preserving water resources does not end in simply usage reduction but also extends to protecting and rehabilitating at the source. Because of this, the company is committed in taking part in safeguarding the country's watersheds as a part of its environmental responsibility.
Management Approach for Impact and Risks
The UN SDGs 6 and 15 are favorably impacted by these projects and activities.

Other Materials used by the Organization

Disclosure	Units	2023
Materials used by weight or volume		
• Renewable[1]	Tonnes	1,113,662
• Non-Renewable[2]	Tonnes	1,670
Percentage of recycled input materials used to manufacture the organization's primary products and services[3]	%	6.87

Note:
Data covers selected input materials needed for the manufacturing process but are not part of the final product. These include the process materials used as alternative fuel to generate energy and RPET materials.
Scope is total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)
[1] Renewable materials pertain to coffee spent ground, spent tea leaves, bagasse, spent wash, molasses, chicken manure, and pit dung used as alternative fuel
[2] Non-renewable materials pertain to re-grind PET bottles reused to mix with virgin resin for bottle making of BCF-PH.
[3] Percentage of recycled input materials is computed as the amount of re-grind PET used as feedstock divided by the total input materials (virgin resin + re-grind PET).

Impact, Stakeholders and Risks
Impact: Effective use of these materials reduces both costs and GHG emissions created in production. This impacts direct operations like production waste which goes to landfills. **Stakeholder:** Employees, regulators, suppliers and local communities where it operates in **Risks:** The company acknowledges the risk of over extracting limited natural resources to set up more facilities or producing primary products is possible through the unchecked use of non-renewable resources.
Management Approach for Impact and Risks
URC focuses on finding solutions that lead to seamless and efficient operations. The responsible use of natural resources — intrinsic to the business — entails that the company minimizes its environmental impact and optimize synergies where possible, whether in the careful sourcing of raw materials from select suppliers, or in the proper use, reuse, or disposal of these same materials and the material by-products generated from the operations. URC's commitment to quality usually entails rejecting packaging materials that do not pass inspection, however small the blemish or dent. Added to which, scrap plastics remain after the materials have been cut and folded or shaped into the desired packaging. Rather than dispose of these materials in a landfill, URC has found ways to reincorporate them into new products. For one, URC's industrial scrap polyethylene terephthalate (PET) material – including bottle rejects – is grounded into PET flakes and mixed with virgin PET resin to create new containers. The company only upcycles materials within the system to ensure that the products are clean and do not impose a threat towards safety and quality.
Opportunities and Management Approach
There are opportunities to increase the use of recycled materials that URC can take advantage of by ensuring that the company keeps abreast of the latest information and applying them across business units when ready. PET is currently recyclable; it can look for ways to recycle other packaging materials such as films by converting multi-layer films into mono materials.

Ecosystems and Biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units	Boundaries
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high	12.548	Ha	CMC Davao Flour Mill is located in Sasa Davao City, Davao del Sur situated on the gulf's west coast. Davao city is among the four provinces that surrounds Davao Gulf which is conserved as Key Biodiversity Area.

Disclosure	Quantity	Units	Boundaries
biodiversity value outside protected areas			Davao Gulf situated in the southeastern part of Mindanao is one of the priority conservation areas of the Sulu-Sulawesi Marine Ecoregion. It is a breeding and nursery ground for small and large species, with frequent sightings of whale sharks, dugongs and leatherback turtles, among the list of species cited in the Convention on the International Trade of Endangered Species *(Source: World Wildlife Fund)*
Habitats protected or restored	20,959	Seedlings	URC-wide tree planting and nurturing activities were conducted across different sites.
IUCN Red List species and national conservation list species with habitats in areas affected by operations	0	#	The company has no operations affecting the habitats of species listed in IUCN Red list species and national conservation list species.

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines)

Impact, Stakeholders, and Risks
Impact: Every component of the day-to-day operations interact with the environment such as the extraction of water and raw materials, usage of electricity, effluent discharges, generation of waste, and air emissions. These can potentially impact (directly and indirectly) the biodiversity and ecosystem of the areas including the boundaries where the businesses are located. If these environmental aspects were not managed effectively, it might lead to adverse impacts such as water, air and land-based pollution, contribution to climate change, and scarcity of food and material. **Stakeholder:** Employees, Local Communities, Local Government Units (LGUs), and DENR **Risks:** URC recognizes that changes in the biodiversity and ecosystems can pose significant threats to the flora, fauna and the people which might result in notable risks such as habitat loss, displacement of species, coral bleaching, and development of diseases in the local communities due to disturbances in the ecosystem. This might also affect business operations in various ways where day-to-day activities might be delayed and halted.
Management Approach for Impact and Risks
URC acknowledges that the business has an impact on the biodiversity and surrounding ecosystem. Therefore, embedded in the company's environment policy, it is committed in preserving and protecting the environment by using resources sustainably in the communities where it operates. The company acknowledged its responsibility to comply with all the environmental laws to ensure that employees, surrounding communities, and the environment, are not exposed to any unnecessary amount of hazard due to the business operations. In addition, it is the

company’s corporate social responsibility to conduct programs and activities that support conservation efforts, biodiversity preservation, and ecosystems protection. URC conducts company-wide environmental stewardship initiatives such as reforestation programs, coastal, river, and drainage clean-up drives, and mangrove planting activities.

In support to the Expanded National Greening Program (NGP) stated in Executive Order 193, SURE URSUMCO and PASSI have signed MOA with DENR CENRO to Adopt-a-Forest of 3 Ha in Tanglad, Manjuyod, Negros Oriental and 5 Ha in San Enrique, Iloilo. This partnership will rehabilitate the forest/watershed identified by DENR through establishment of seedling and plantation nursery as well as conducting maintenance and protection activities in 3 years. In addition, ESMO continuously conducted activities in its commitment to the adopt-a-creek program in partnership with their respective LGUs and MENRO/CENRO.

In 2023, collaborative efforts with various stakeholders resulted in the successful planting of 20,959 seedlings, consisting of various endemic species of trees and mangroves, fostering environmental sustainability.

Clean-up initiatives were also undertaken across URC sites, leading to the collection and responsible disposal of over 10 tonnes of plastic waste, effectively mitigating potential marine pollution.

Environment Recognition Programs

In 2023, under the Green Award in Environment – Best in Nature Protection category, La Carlota Sugar Mill was awarded for its programs aimed at preserving and safeguarding the natural environment. Through its initiatives and efforts, La Carlota Sugar Mill demonstrated a strong commitment to environmental stewardship and conservation, contributing positively to the protection of natural habitats and ecosystems.

As part of URC sustainability promise, the company plans to expand its adopt-a-watershed project by protecting nearby watersheds and forests near sites where URC operates in partnership with its stakeholders contributing positively to SDGs 12 and 15.

Opportunities & Management Approach

URC recognizes that there is a need to integrate biodiversity and ecosystems management into business policies, strategies, and operational processes. In addition, there is still a need to expand the company’s conservation efforts and improve the programs and activities that promote biodiversity and ecosystems protection. These will raise awareness among the employees through shared activities to protect the ecosystems. There is also the chance to build a strong relationship and camaraderie with the local communities, government agencies, and LGUs.

Environmental Impact Management

Greenhouse Gas Emissions

Disclosure	Units	2023
Direct (Scope 1) GHG Emissions	Tonnes CO2e	337,953
Energy indirect (Scope 2) GHG Emissions[1]	Tonnes CO2e	136,665
Total (Scope 1 + Scope 2) GHG Emissions	Tonnes CO2e	474,618
GHG Intensity	Tonnes CO2e/MnPHP	2.99
Emissions of ozone-depleting substances (ODS)[2]	Tonnes	23.87

Note:
- GHG Emissions cover information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines) while ODS data covers manufacturing facilities of One URC (BCF-PH, BCF-INT, Flour, SURE, AIG)
- GHG Protocol requires that CO_2 emissions from biomass are tracked separately from fossil CO_2 emissions. Thus, Biomass CO_2 emissions are not included in the overall CO_2-equivalent emissions inventory.

[1] Computation of scope 2 ghg emissions used the market-based approach with emission factors from Retail Electricity Suppliers for Renewable Sources

[2] Ozone Depleting Substances cover the refrigerants consumed by the plants which include R22 / Freon, R134a, R404, R407, R410, R507, R141B, R417, R32. R22 will be phased out consistent with the phase-out schedule set by DENR Administrative Order (DAO) 2013-25.

Impact, Stakeholders and Risks
Impact: URC's air emissions are directly linked to its energy consumption. GHG emissions from the operations contribute to the overall amount of greenhouse gases sourced from anthropogenic activities, which is the single most significant driver of climate change. The company recognizes that reducing its GHG emissions will positively impact the organization and the environment. This extends beyond regulatory compliance, encompassing tangible benefits such as decreased production costs, and substantial savings on operational expenditures (OPEX). In prioritizing the mitigation of GHG emissions, URC not only aligns with environmental responsibility but also strengthens its operational resilience and economic sustainability. **Stakeholder:** Employees, regulators, suppliers and local communities where it operates in **Risks:** URC recognizes the numerous risks associated with climate change such as increased temperature and droughts, stronger typhoons, reduced water aquifers, and agricultural yields. These impact the operational activities of the company in various ways. Measuring and tracking its GHG emissions help the company better understand its contribution to climate change which also affects the assessment of its climate-related risks. Managing its energy consumption through efficient use of electricity and fuel reduces operational costs for all business units.
Management Approach for Impact and Risks

Impact, Stakeholders and Risks
URC's strong commitment towards Climate Action is to move towards a low-carbon economy by optimizing use of renewable energy and by using offset mechanisms to reduce impact of GHG emissions. As incorporated in its Environment Policy, the company commits to: • Reduce environmental impact by implementing initiatives in climate action and resource management. • Move towards a low carbon economy by reducing greenhouse gas emissions by switching to cleaner fuels, maximizing energy usage, and investing in renewable energy sources The company also targets to substantially improve its energy consumption in the facilities by improving its Energy Use Ratio (EUR) by 30% by 2030 vs 2020 and by gearing towards achieving net zero carbon emissions by 2050. URC's strategy towards achieving Net Zero by 2050 includes completing GHG emissions inventory targeting to baseline Scope 3 for priority key ingredients in 2024 while reviewing Scope 1& 2 emissions, and continuously mobilizing agile squads through the Sustainability Transformation Office to conduct feasibility studies and continuously implement energy efficiency programs, and carbon reduction initiatives. Through the mentioned initiatives under the Energy consumption portion, the company was able to reduce its GHG emissions. **Solar Rooftop installation in URC sites** With all the rooftop installations across URC sites, 82, 353 GJ of energy used in the operations comes from solar energy with an estimated avoidance of more than 13,600 tonnes of CO2 emissions. **Purchased Electricity from Renewable Energy Sources** Boosting the company's transition to renewable energy sources, the company has signed agreements with various retail electricity suppliers to supply more than 20 of the local facilities with geothermal, solar, and hydro power sources until 2025. URC aims to achieve the utilization of 100% purchased electricity from renewable sources across all its plants by 2025. In 2023, a significant progress was made towards this goal, with 850,054 GJ of electricity sourced from renewable sources, constituting 51% of the total purchased electricity. **Energy & Its Alternatives.** In 2023, the STO stood up the Energy and Its Alternatives squad combining the Sustainable Alternative Biofuels and Solar-at-scale squads previously established with key focus in BCFG Philippines.

Impact, Stakeholders and Risks

The project objectives include:

Energy Efficiency: Reduce the energy usage for BCFG Philippines in 2023 vs prior year

Sustainable Partnerships: Identify cost-efficient and sustainable energy technology suppliers of alternative fuels.

In 2023, through the establishment of teams focusing on electricity, coal & LPG, the squad achieved impressive results:

- Achieved 1.21% reduction in energy consumption through:
  Energy efficiency initiatives - conduct of energy audits to identify top electricity consumers and address these by rectifying chiller inefficiencies through improvement of insulation piping temperature setting and regular preventive maintenance to ensure top running conditions. LED installations to 9 out of 17 BCFG plants
  Energy conservation practices – just on time start-ups reducing on pre-heating time, calibration of burners and de-sooting

- Maintained a record of zero Notice of Violation on Boiler emissions

- Generated Php 23.74 million savings for solar & sub heater projects

Currently, BCFG PH has two energy auditors and all its maintenance managers have been certified as Energy Managers reflecting the company's dedication to upholding the highest energy efficiency standards.

Nationwide-tree planting initiatives across One URC

In 2023, collaborative efforts with various stakeholders resulted in the successful planting of 20,959 seedlings, consisting of various endemic species of trees and mangroves, fostering environmental sustainability.

If all these seedlings grow and mature, an estimated 456 tons of CO_2 can be sequestered annually. Of course, the sequestration rate will depend on a lot of factors like the age of trees, type of trees, number of trees per hectare, spacing between trees, and other factors.

Ozone Depleting Substances (ODS) Management

In line with the management of ODS, the company continues to monitor the inventory and usage of approved alternative refrigerants. This is aligned with the Revised Regulations on the Chemical Control Order of ODS in the Philippines. The company supports global endeavours aimed at eliminating or mitigating the use of hazardous substances, which present risks to both human health and the environment.

Impact, Stakeholders and Risks
The programs and initiatives mentioned above are aligned to the SDG targets 7, 9 and 13.
Opportunities & Management Approach
Geared towards achieving 100% renewable energy and net zero by 2050, moving forward, the agile squads mobilized since the previous year will continuously conduct feasibility studies, trials and implementation plans to increase utilization form renewable sources and explore other green fuel technologies and sustainable technologies to reduce coal consumption. Lastly, the company will continuously explore opportunities for adopt-a-watershed programs that will help in carbon sequestration.

Air Pollutants

Disclosure[1]	Units	2023
NOx	Tonnes	168.14
SOx	Tonnes	151.46
Persistent organic pollutants (POPs)	-	
Volatile organic compounds (VOCs)	-	
Hazardous air pollutants (HAPs)	-	
Particulate matter (PM)	Tonnes	99.6

Note:

- Data covers information from air pollution sources equipment (APSE) specifically from the boilers and gensets of URC with air emission test results in 2023 conducted by a DENR Accredited Laboratory
- Per National Emission Standards for Source Specific Air Pollutants, all the emission test result expressed in mg/Nm3 were within the set standard of DENR EMB.
- URC's boilers, generator sets and company-owned vehicles undergo mandatory emission testing as mandated by the DENR and Land Transportation Office. Moving forward, URC will evaluate and determine appropriate monitoring process as part of the continuous alignment with the Clean Air Act.

Impact, Stakeholders and Risks
Impact: URC operation generates air pollutants from food production and transportation and agricultural activities. The company acknowledges that air pollutants from Air Pollution Source Equipment (APSE) may result to environmental and long-term health effects of the employees and general public particularly if emission do not meet the National Emission Standards and Ambient Air Quality Standards stipulated thru Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999. **Stakeholder:** Employees, Local communities where it operates in, and General public **Risks:** The company recognizes that air pollutants pose risks to environment, public health and employees which would result in grievances and complaints from labor unions, the general public, and environmental activists.]

Management Approach for Impact and Risks
URC recognizes the negative impacts of air pollutants to the environment and effect to human health. To reduce this, the company ensures it fully complies with the Clean Air Act and its implementing rules and regulations by constantly conducting environmental compliance monitoring and validation in the facilities and by ensuring proper and regular maintenance to APSE. The company ensures to lessen air pollutants by improving air pollution control installation and by transitioning from bunker fuel to diesel used in boilers. We have also installed high efficiency boilers that contributed to the reduction of air pollutant emissions. The company supports the SDG 11 through these initiatives.

Solid and Hazardous Waste

Solid Waste

Disclosure	Units	2022	2023
Total solid waste generated	Tonnes	2,946,862	2,454,593
Recyclable (Biodegradables[1] and Non-Biodegradables[2])	Tonnes	945,024	616,318
Incinerated	Tonnes	0	0
Residual/Landfilled[3]	Tonnes	20,713	24,329
Renewable[4]	Tonnes	1,981,125	1,813,946

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines).
[1] Biodegradable waste originated from plant or animal sources which may be broken down by other living organisms
[2] Non-biodegradable wastes were sold as scrap or returned to the recycling stream (e.g.: plastic containers, rubber, and metal)
[3] Residual/Landfilled – non-potential and non-recoverable waste that are disposed to sanitary landfill.
[4] Renewable are waste materials used as alternative fuel to generate the company's own energy (e.g.: Coffee Spent Grounds used as alternative fuel to boiler to produce steam for the production)

Hazardous Waste

Disclosure	Units	2022	2023
Total weight of hazardous waste generated[1]	Tonnes	818	618
Total weight of hazardous waste transported[2]	Tonnes	614	375

Note:
[1]Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG)
[2] Data covers information of BCF-PH, BCF-INTL, Flour, SURE, AIG)
The difference in the quantity of hazardous waste generated and transported was stored in the DENR prescribe Hazardous Waste Storage onsite waiting for schedule of transport and treatment.

Impact, Stakeholder and Risk
Impact: The company recognizes that improperly handled waste can result in adverse environmental impact such as marine, water and air pollution and ill-effect to human health. **Stakeholder:** Employees, Communities, General public **Risk:** URC recognizes that leakages in the waste management system can create a variety of hazards, from being a source of health problem, aesthetic nuisance, or being a source for ecosystem contamination. Unlawful discharges of hazardous waste into various land and water bodies can pollute the water table and affect the drinking water supply of many communities living within the vicinity. Unlawful discharges by third party contractors can result in fines or sanctions for business units. Other stakeholders affected include the government, waste pickers, and exposed communities.
Management Approach for Impact and Risks
Managing waste has been embedded in the way the company operates in line with compliance to local government and social responsibility to communities where it operates. All the hazardous waste haulers are strictly screened to ensure that they are DENR accredited provider before the company engages their services. Designated staff, accredited pollution control officers (PCO), and key employees are trained and tasked to manage waste in all aspects, including facilities, equipment, and employee engagement. All the Hazardous waste is transported and treated in a DENR accredited treatment, storage, and disposal (TSD) facility. Wastes are kept monitored and secured in the facility until such time it is scheduled to be transported for treatment by the licensed transporter and treater of the DENR. The company commits to effectively initiate and support efforts to manage waste and reduce its generation while ensuring that it does not end up in landfills as well as waterways and oceans which has been a visible issue around the world. Note that different countries have different systems for classification of their hazardous waste. Since majority of the facilities are located in the Philippines, the company follows the definition and classification of hazardous waste stipulated in DAO 2013-22 Revised Procedures and Standards for the Management of Hazardous Wastes. For BCF International, they have already aligned their solid waste classification to BCF Philippines. As part of the company's efforts in reducing waste and the goal of zero waste to landfill, several sustainability projects focusing on managing waste are continuously being done: • Segregation at source – waste segregation is being practiced in URC facilities • Scrap Recovery – Standard practice to sell waste materials with high potential value to verified scrap buyers to drive circularity back to recycling stream.

Meanwhile, with the published DAO-2023-02: Implementing Rules and Regulation of the RA11898, the company is required to recover and divert 20% of its plastic footprint in the 1st year of its implementation.

URC being the lead enterprise of all the subsidiaries under the JGSHI and RRHI endeavors to comply with the EPR requirements. The company developed an end-to-end EPR strategy that includes societal engagement, collection, diversion, and communication to ensure compliance and sustainability of the programs.

Juan Goal for Plastic Program

URC initiated this program to support the company's contribution to address marine pollution.

Its primary objectives include establishing plastic waste collection programs in selected pilot communities and developing a communication and training manual that other Strategic Business Units (SBUs) can use to launch their plastic waste collection projects.

The program was kicked off in 2022 with 9 community launches, establishing 39 collection sites in both communities and plants across all SBUs in JGSHI and RRHI. Over 14.9 metric tons of plastic waste was collected and more than 2,472 community members and 497 URC employees were engaged in these collection efforts.

The key outcomes and positive impacts of these environmental initiatives include:

- Raising awareness and knowledge about plastic waste recycling in communities and providing long-term solutions to address the issue.
- Engaging communities and fostering partnerships with Local Government Units and Environment and Natural Resources Office partners.
- Increasing employee engagement and volunteerism within the Gokongwei Group.
- Supporting compliance with the Extended Producer Responsibility (EPR) required by law.
- These initiatives have gradually made a positive impact, influencing thousands of Filipino citizens to become more environmentally conscious, contributing to a happier and healthier environment step by step.

"Juan Goal for Plastic" has facilitated strong partnerships among communities, the Environment and Natural Resources Office (ENRO), schools, and other private entities that share our commitment to environmental advocacy.

In 2023, with the participation of Robinsons Land Corporation (RLC) and RRHI, a total of 50.30 metric tons of plastic waste was collected with over 49 collection hubs installed in over 60 communities, participated by more than 900 employees. Some notable key activities across all SBUs include the launching of URC Eco-warriors, a program aimed at encouraging employee participation in plastic recycling initiatives, installations of wall-mounted Plastic Bins in New Shopwise Gateway, collection during the Robinsons Supermarket 15th Fit & Fun Wellness Buddy Run, and Renew-A-Bottle machine which is now operational in Robinsons Galleria.

These activities underscore the collaborative efforts and positive partnerships forged with external organizations. URC is unwavering in upholding integrity and credibility.

With a strong sense of camaraderie both internally and externally, the company remains dedicated to its mission as one of the largest conglomerates in the country. URC continuously develops programs and initiatives that promise long-term benefits for its organization, employees, and the communities it serves.

Waste Management Partnership with Holcim

The new agreement expands the three-year waste management partnership between the two companies, in which Holcim Philippines co-processes the laminated plastic wastes of URC.

The partnership with Holcim, as emphasized by URC President and CEO Irwin Lee, signifies not only the company's commitment to achieving plastic neutrality but also its dedication to environmental preservation. Lee expressed that through this program, the company aims to elevate its involvement in the collect-and-recycle activities of various communities.

URC believes that collaboration with organizations, private companies, institutions, communities, and local government units is essential to come up with a holistic and circular approach in providing solutions to the pressing plastic pollution issue.

Holcim Philippines President and CEO, Horia Adrian, expressed pride in supporting URC's excellent initiative that engages communities against plastic pollution. Adrian welcomed the program and affirmed their readiness to assist partners, emphasizing that advancing recycling is crucial for decarbonizing operations and reducing the consumption of virgin raw materials.

The strengthening of the partnership with Holcim complements URC’s other ongoing efforts to become a sustainable global enterprise. Among the most prominent of these is “Juan Goal for Plastic,” a waste management program aiming to achieve plastic neutrality through the collection, recovery, and diversion of used plastics.

Environment Recognition Programs

In 2023, under the Green Award – Best in Waste Management category, URC La Carlota Sugar Mill was recognized for its waste reduction efforts and effective implementation of key programs such as Juan Goal for Plastic, co-processing of laminates and rigorous information drive on proper disposal and handling of hazardous wastes.

Opportunities and Management Approach

Operationalizing the company’s targets in Plastic Neutrality by 2030, the company will continuously integrate its sustainability projects addressing waste issues and challenges by adopting Agile Project Management. URC will continuously look for opportunities at their waste management systems to see how segregation and recovery can be improved.

Different plastic diversion technologies will be further explored to evaluate business viability and sustainability. The company will seek out collaborative projects on waste management that include community engagement and linking with local recyclers to seize opportunities in scaling up partnerships with these stakeholders.

URC also recognizes the value of collaboration with external stakeholders like local government units, academe, and civic groups in creating a holistic solution to address plastic issue. Long term and impactful programs with these potential partners will be developed. In order ensure continuity of plastic collection and scale up diversion capabilities green funding will be explored.

Lastly, these programs and initiatives are aligned to the UN SDG 12.

Effluents

Disclosure	Units	2022	2023
Total volume of water discharges	Cubic meters	5,190,742	7,316,632
Percent of wastewater recycled[1]	%	14%	13%

Note:
Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and External Distribution Centers in the Philippines)
[1] Percent of wastewater is computed as the total volume of water recycled and reused over the total volume of water discharges.

Impact, Stakeholders and Risks

Impact: URC's operations generate wastewater from food production and agricultural activities. It is among the most difficult and costly waste to manage because wastewater from food processing contains large quantities of nutrients, suspended and dissolved solids, and high biochemical oxygen demands.

The company acknowledges that untreated wastewater may contaminate the water bodies surrounding its business operations particularly if discharges do not meet the Water Quality Guidelines and General Effluent Standard stipulated thru DENR Administrative Order 2016-08.

Stakeholder: Employees, Communities, General public

Risks: As a food and beverage business, water holds an essential value in the sustainability of the company. The company recognizes that the risks in discharging contaminated wastewater can pose significant threats to communities and other stakeholders directly or indirectly affecting its social license to operate.

Management Approach for Impact and Risks
As embedded in its Environment policy, the company commits to continue responsible water stewardship works to improve water use efficiency and to protect watersheds. Managing production waste like effluents and other types of waste has been embedded in the way it operates in line with the compliance to local government and social responsibility to communities. The following pollutants are strictly monitored in the company's effluents prior to discharge: BOD, COD, TSS, Color, pH, Oil & Grease, Temperature Rise, Nitrates, Ammonia, Fecal Coliform, Surfactants, and Phosphates. The company have continuously conducted a series of programs and initiatives to ensure the compliance of wastewater effluents to the requirements and standard parameters stipulated in the Water Quality Guidelines and General Effluent Standards. These programs include additional chemical treatments in specific sites for the reduction of phosphates, standardized chlorine dosing across all BCF-PH sites, standardization, and provision of the right tools to wastewater operators to track and test parameters, design & built and capacity upgrades of wastewater treatment plants in selected sites to accommodate the increased capacity of production and reduce ammonia, phosphate, and nitrates. Additionally, standardized dry cleaning procedures were being done instead of the wet cleaning in certain areas in the production and leak corrections were being conducted which resulted to reduction of water consumption and decrease in water discharge. Certain sites were also being evaluated in their readiness to recover their treated effluent for domestic use such as toilet flashing, gardening, etc. In the prior years, technologies were acquired by URC such as the electrocoagulation piloted and commissioned in Tarlac for the removal of phosphates, Total Suspended Solids (TSS), Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD); and Dissolved-air floatation piloted and commissioned in Vitasoy plant to reduce the oil and grease. Lastly, heat exchangers were being installed in selected confectionary lines to recover the vacuum pump discharge and recirculated into the system resulting to reduction of water consumption and discharge.

Opportunities & Management Approach
Recognizing the challenges from managing effluents, the company has an opportunity to optimize its wastewater usage by identifying processes that would re-use or/and recycle the effluent.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	No material fines or penalties	PHP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations		#
No. of cases resolved through dispute resolution mechanism		#

Note: The company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings involving fines or non-monetary sanctions that could be expected to have a material adverse effect on the Company's financial position or results of operations.

Impact, Stakeholders and Risks
Impact: URC recognizes that environmental compliance is essential to ensure that affected stakeholders, including employees, surrounding communities, and the environment, are not exposed to any unnecessary amount of hazard due to its business operations. Environmental compliance is hygienic towards responsible resources management materiality and 2030 commitments, which is essential in securing the social license. **Stakeholder:** Employees, Management, Communities, General public **Risks:** URC recognizes the risks of sanctions from local and national regulations as well as standards imposed by permit officials is an ever-present risk if business activities are not monitored well.
Management Approach for Impacts and Risks
Over time, the company has consistently improved its approach to environmental compliance through the development of routine strategic cadences. This initiative is spearheaded by URC's compliance and legal team, ensuring the adherence of all facilities to environmental standards—a critical aspect of the company's cross-functional business continuity planning. As a publicly listed entity, the company's commitment to compliance extends to the regulations of the countries where it operates and sells products, as well as meeting specific conditions outlined by its customers. In the domestic market, the company monitors its performance against environmental regulations set by entities such as DENR, NWRB, and relevant City or CENRO/MENRO. Additionally, efforts are made to meet the requirements of energy regulatory bodies, including the DOE and ERC. Environmental compliance is meticulously evaluated, guided by governing laws and requirements set by regulatory bodies, including acts such as the Philippine Clean Water Act, Clean Air Act, Ecological Solid Waste Management Act, Extended Producers Responsibility Act of 2022, Toxic Substances and Hazardous and Nuclear Wastes Control Act, Pollution Control Law, Environmental Impact Statement System, and Laguna Lake Development Authority Act of 1966. The company's compliance is further reinforced by Environmental Compliance Certificates (ECCs), meeting the requirements of Presidential Decree No. 1586 under DENR Administrative Order No. 2003-30. As a company generating renewable energy and selling excess power, adherence to the Renewable Energy Act and the Electric Power Industry Reform Act is ensured. Each facility is equipped with a DENR-

Accredited Managing Head and PCO responsible for managing environmental aspects and impacts of operations. Environment, Health, and Safety (EHS) Compliance Officers, working in coordination with Corporate EHS Managers, conduct Compliance Assessments across all URC sites, ensuring compliance with regulatory requirements, particularly at new operating sites. The compliance assessment focuses on revalidating facilities' adherence to permit acquisitions and conditions. The company sustains the output through monthly management of URC sites' permits and licenses, ensuring continuous tracking of compliance status. The Integrated Environmental, Health, and Safety Assessment (IEHSA) confirms the current status of plant EHS implementation, guiding the achievement of EHS goals and the reduction of risks and impacts. A robust mechanism is in place to track the closure of actions addressing concerns raised in IEHSA, ensuring ongoing progress in compliance. In 2023, the EHS Compliance and IEHSA programs were expanded to include URC International sites through a 3-phase program outline to assess the plant's compliance to permits and licenses and the conditions stipulated therein as required by their governing laws.
Opportunities & Management Approach
Moving to go above and beyond 100% compliance, the company has developed a structured and rigorous approach for the development of an effective Environmental Management System that aims at achieving ambitious objectives. Consequently, the company will proactively engage with the policy makers and relevant stakeholders in order to align its strategies in the new laws and regulations.

Employee Management
Employee Data

Disclosure	Quantity	Units
Total number of employees	13,171	#
By Gender		
a. Number of female employees	4,157	#
b. Number of male employees	9,014	#
By Age Group		
a. Gen Z (26 and below)	1,940	#
b. Millennial (27-41)	7,127	#
c. Gen X (42-56)	3,687	#
d. Baby Boomer (57 and up)	417	#
By Contract Type		
a. Regular	11,605	#
b. Consultant, FTE & Project based	913	#
c. Probationary	653	#
By Length of Tenure		
a. < 1 years	1,556	#

b. 1-3 years	2,037	#
c. 3-5 years	1,628	#
d. 5-7 years	1,644	#
e. 7+ years	6,306	#
By Rank		
a. Executive/Senior Management	105	#
b. Rank & File	7,733	#
c. Supervisor	1,633	#
d. Manager	987	#
e. Seasonal	378	#
f. Professional / Technical	2,335	#
By Business Unit		
a. BCF PH	3,989	#
b. BCF International	5,370	#
c. AIG	644	#
d. Flour	397	#
e. SURE	2,247	#
f. Main	524	#
Attrition rate[1]	9.2	%
Ratio of lowest paid employee against minimum wage[2]	1:1	Ratio

Note: Data covers the total number of URC regular employees as of December 31, 2023

[1]Attrition rate is the total voluntary turnover of current year over average total no. of employees of current year (including new hires for the year)

[2] The ratio is based on the comparison between the wage of the lowest paid employee (base fare) and the minimum wage on the specific region. URC is compliant with the minimum wage requirement. Other compensation provided to regular employees are indicated in the table below.

Disclosure	Quantity	Units
Data for New Hires		
By Gender		
a. Number of female employees	585	#
b. Number of male employees	1,134	#
By Age Group		
a. Gen Z (26 and below)	440	#
b. Millennial (27-41)	558	#
c. Gen X (42-56)	100	#
d. Baby Boomer (57 and up)[3]	19	#
By Contract Type		

a. Permanent or indefinite	981	#
b. Temporary or Fixed Term	136	#

Note: Data covers the total number of URC regular employees as of December 31, 2023

Disclosure	**Quantity**	**Units**
Turnover		
By Permanent Employees		
a. Female	494	#
b. Male	718	#
By Age Group		
a. Gen Z (26 and below)	372	#
b. Millennial (27-41)	685	#
c. Gen X (42-56)	132	#
d. Baby Boomer (57 and up)[3]	23	#
By Rank		
a. Executives / Senior Management	10	#
b. Middle Managers and Supervisors	237	#
c. Rank-and-file permanent	604	#
d. Professional / Technical	361	#
By Contract Type		
a. Voluntary	1,212	#
b. Involuntary	637	#

Note: Data covers the total number of URC regular employees as of December 31, 2023,
The breakdown of turn-over data by permanent employees, age group and rank cover voluntary only.

Employee Benefits

List of Benefits[1]	**Y/N**	**Type of Data**	**% of Female Employees**	**% of Male Employees**
SSS	Y	Covered	100%	100%
PhilHealth	Y	Covered	100%	100%
Pag-ibig	Y	Covered	100%	100%
Parental leaves	Y	Covered	100%	100%
Vacation leaves	Y	Covered	100%	100%
Sick leaves	Y	Covered	100%	100%

List of Benefits[1]	Y/N	Type of Data	% of Female Employees	% of Male Employees
Medical benefits (aside from PhilHealth)	Y	Covered	100%	100%
Housing assistance/ Provision for Staff Houses (aside from Pag-ibig)[2]	Y	Availing	3%	3%
Retirement fund (aside from SSS)	Y	Covered	100%	100%
Further education support (company loans for education)	Y	Covered	100%	100%
Company stock options	N		0%	0%
Telecommuting[3]	Y	Covered	12%	12%
Flexible-working Hours[3]	Y	Covered	12%	12%
(Others)				
Group Life Insurance	Y	Covered	100%	100%
Christmas Package	Y	Covered	100%	100%
Subsidies for motivational programs such as company outing, Christmas party, sports fest, and family day	Y	Covered	100%	100%
Company Loans for Emergencies	Y	Covered	100%	100%
Special Leaves such as Emergency and Nuptial Leave	Y	Covered	100%	100%

Note:
[1] The information covers the total number of URC PH regular employees
[2] Data on housing assistance are only applicable to selected AIG, Flour, and SURE employees
[3] Applicable to employees working in the head office

Impact, Stakeholders, and Risks
Impact: The employees serve as the foundation of the company's value creation, given that success has been built by different generations of employees who have been passionate about ensuring that the company delights its consumers. Through hiring and providing competitive benefits, URC employees are better able to cover their cost of living, fulfill roles outside the workplace, afford a better quality of life, and stay longer with the company. **Stakeholders:** Management, Employees **Risks:** Given the nature of the business, which is manufacturing, the highest priority is to ensure a safe, efficient, and engaging work environment for the employees. Operations might be disrupted if there is a limited number of employees.
Management Approach for Impact and Risks

Impact, Stakeholders, and Risks
The company seeks to engage and empower our employees toward high performance and growth. URC strengthens their people by equipping them with capabilities on how to respond to change, seize opportunities, and address specific business challenges. They comply with and surpasses government-mandated benefits. In response to the rapid developments in working arrangements, the company continuously benchmarks market practices to ensure that we address the changing needs of our employees. To manage and further develop the talent pool, URC recently adopted additional functionalities of the Darwin Box talent management platform for recruitment and compensation, thereby digitalizing our HR processes. To promote employee engagement, they also conduct Annual Pulse Surveys where employees can voice their concerns and provide feedback on their employee experience.
Opportunities & Management Approach
URC sees an opportunity to differentiate itself as an employer from other desirable companies in the country. Grievance mechanisms and numerous communication channels, such as town hall meetings, are made available to employees. This allows URC to cover additional dimensions of employee satisfaction, such as professional development.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	351,742.76	hours
Average training hours provided to employees	26.50	hours/employee

Note: Data covers the total number of URC regular employees who underwent training in 2023.
No breakdown between male and female in 2023. However, starting 2024, data on gender has been included in the monitoring of all trainings attended/ provided.

Impact, Stakeholders and Risks
Impact: The continuity of learning and professional education is valued by the Company. It assures employees that their learning and development is prioritized in the organization. It creates an interconnected benefit for the individual employee as well as for the company. Employees are able to develop new skills valuable for progression and career development; and in the efficient performance of their function. The organization benefits as it increases the possibility of attracting highly capable employees, improving employee retention, loyalty, satisfaction and performance standards as well as discovering areas for improvement. **Stakeholder:** Employees **Risks:** Inadequate training and career growth opportunities will negatively impact workforce productivity and quality of service. On the other hand, employees may also choose to leave and seek better opportunities elsewhere after getting sufficient training.

Management Approach for Impact and Risks

Consistent to our People Ambition of being talent's top of mind company for being a global organization that stays true to its values, URC has been recognized externally as Best Place to Work not only in the Philippines but also in other countries (e.g. Malaysia, Myanmar, Indonesia and Vietnam). This is an acknowledgement on the efforts of the company in providing continuous learning and growth among its employees.

With these, the Company has expanded its program for the Agile@Scale academies for its Chapter Leads, Product Owners and Agile Coaches. It has also continued to roll out URC Brand of Leadership Development and even launched new program to support employees handling people leader role for the first time. These trainings provided to the employees cover across the business unit within the company, including the domestic and international operations are supportive of the Company's thrust in building capabilities for Next Generation Leaders as well as empowering current leaders to effectively lead their respective team given the new generations and the availability of more sophisticated technologies.

The Company has achieved an average of 26.50 training hours per employee (17% improvement vs. 2022) across the entire organization thru our capability-development goals, namely: Build and Strengthen Agile Capability; Build and Support Global Leadership Capabilities of Next Generation Leaders; and Build and Sustain Digital Learning Channels.

Build and Strengthen Agile Capability

As we continue to support our vision to enable organizations to sustain the targeted agile capabilities needed to continuously improve performance and deliver impact, URC Agile Academy's capability building programs are anchored on new ways of working that require shifting mindset and behaviors at all levels of the organization; new skills and knowledge required to drive the transformation; new roles which require upskilling and/or reinforcement for execution; and new culture that is needed to ensure change is sustained for the organization to truly embrace the new ways of working.

In 2023, URC continued conducting Agile Onboarding and Bootcamp, Agile Basics Microlearning courses, and Agile in Sprint. Together with our full-time Agile Coach Chapter Leads, Agile Center of Excellence (COE) team was able to train new squads from Customer and Category Tribes, independent squads from Digital Transformation Office (DTO), Sustainability Transformation Office (STO), Agro-Industrial Commodities (AIC) groups, URC International, and other squads from Finance and Human Resources.

Aside from the ongoing runs of bootcamp and agile basics, additional initiatives added in 2023 were Agile Masterclass, Product Owner and Chapter Lead Academy.

Agile Masterclass is initiated by Agile Transformation office focused on onboarding the respective Business Unit Leaders on Agile principles and practices and the Agile experience of BCFG Philippines. The output of the Agile Master Class is to have the Business Units map out their agile journey and prepare for their own transformation.

The Product Owner Academy is an initiative to help accelerate capability building for Product Owners in the organization. It is an immersive hands-on program for and by Product Owners on four capability dimensions (1) Customer Experience (2) Business Acumen (3) Soft Skills (4) Integrated Supply Chain as domain specific skills.

The Chapter Lead Academy aims to develop the Chapter Leads to be talent champions and drivers promoting continuous growth, development and well-being of the chapter members, and the function's expertise and services.

These learning sessions under Agile Academy contributed a total of 18,000 training hours or 22 hours per employee, covering Agile Onboarding and Bootcamp, Agile Basics Microlearning courses, and Agile in Sprint, Product Owner and Chapter Lead Academy with an average feedback score of 4.60 out of 5.00. The Agile Academy was able to train a total of 8 Mancom Business Units 47 squads, 6 batches for Product Owners, 112 sessions for Chapter Leads, with 1,900 participants by building their knowledge and awareness of agile practices and ways of working through continuous flow of relevant learning and development programs for all agile roles.

These programs are designed and customized to equip our employees with an in-depth understanding of Enterprise Agile, its key elements and what the transition journey looks like for the organization. It also enabled the participants to move from understanding the theory of Agile, to deciding and committing to the transformation that revolves around four elements: Knowledge, Experience, Peer Interaction, and Tools.

Build and Support Global Leadership Capabilities of Next Generation Leaders

In addition to our agile capability development initiatives, we continued to future proof the business through the following leadership capability-building programs anchored on core values and leadership competencies. In 2023, we delivered the URC Regional Conference, Leadership Excellence and Advancement Development (LEAD), and Leadership Enrichment and Advancement Program (LEAP).

URC Regional Conference

A customized, immersive, and experiential program designed for the Extended Leadership Team (ELT), with a mix of thought leadership sessions, industry thematic discussions, company and site learning expeditions, and workshops. For 2023, the overarching theme that has been pursued focused on Building Strategic Muscle and Resilience.

The quarterly sessions contributed a total of 3,216 training hours or average of 72 hours per employee, across 42 executives, regional leaders, and country heads. URC Regional Conference got an average feedback score of 4.41 out of 5.00

Tiered Leadership Programs

The year 2023 brought about the creation of the Agile / Talent Management COE and Learning, OD & Internal Comms COE. This is in view of the need to provide needed focus and resources as the company expands the implementation of the Agile@Scale work environment. The team of Learning, OD and Internal Comms COE was completed in Quarter 3, thus, learning programs were resumed in Q3. This brought about the creation and launch of a new leadership program called New Leaders' program (NLP).

- **New Leaders' Program (NLP)**
  The New Leaders' Program (NLP) is a newly created and implemented leadership program. It is a comprehensive leadership development program designed for first time people leaders shifting from an individual contributor to a people leader role. It aims to equip them with the necessary mindset, knowledge, skills, and tools to bring them up to speed and enable them to carry out their leadership roles more effectively. NLP is an 8-month program where participants are subjected to 72 hours of targeted training.

  The debut launch of NLP in October of 2023 was met with anticipation and enthusiasm. A diverse range 55 leaders locally and from Malaysia and Myanmar confirmed to participate in the program. This batch contributed a total of 1,272 training hours or approximately 23 hours per employee. The program has sustained its excitement and engagement as it finished its 5th module with an average post-session feedback score of 4.61 out of 5.00.

- **Leadership Enrichment and Advancement Program (LEAP)**
  A development program designed for Frontline Managers that focuses on basic management skills, better conversations, and team development. It provides a deep perspective that explores the participant's identity and potential. This approach is rooted in the development of leadership, commercial acumen and functional competencies.

  A heterogenous class of 22 participants was launched in November of 2023 covering leaders from Manufacturing, Marketing, Supply Chain, Human Resources, Engineering and Strategy. This batch contributed a total of 320 training hours or approximately 15 hours per employee through its first two (2) modules. The program has garnered an average feedback score of 4.76 out of 5.00 for its post session evaluation. The next module, 7 Habits of Effective People - Applications is scheduled in the latter half of February 2024.

  .

Build and Sustain Digital Learning Channel through URLearning

2023 saw the rebirth of URLearning, the official learning management system (LMS) of URC. Previously, powered by the Matrix platform, URLearning was migrated to a new system, Disprz, and relaunched last November 14, 2023 with migration efforts conducted in just a span of a month. The migration was bought about by the need for the LMS to be integrated to Darwinbox which was not previously possible with the old

Matrix platform. Aside from the capability to integrate with Darwinbox, the Disprz platform boasts of 500,000 plus external contents (i.e. videos, articles, podcasts) from reputable sources such as McKinsey, AWS, Google, and more which are available to 2,500 users in the system.

Currently, the new URLearning, powered by Disprz, have new features and capabilities that were previously unavailable in Matrix. For one, partial integration between URLearning and Darwinbox is now live. With partial integration, Darwinbox users can log in via single sign on from Darwinbox to Disprz without entering log-in credentials. Account creation and deactivation are also automated for Darwinbox users. This means that for every new account or exiting employee in Darwinbox, their accounts will be automatically created and deactivated in Disprz.

Another feature is the leaderboard which enables the gamification of learning in URLearning. Through the leaderboard, users gain points and are ranked based on how much they use the platform. Users also have their respective learning data dashboard in the platform. This feature enables them to have a quick view of their learning data (i.e. number of minutes consumed learning, number of completed modules, etc.) in the system.

In terms of internally developed learning contents, 1,500 learning modules have been migrated and set live from the old platform to the new platform. Similar to 2022, the most enrolled learning modules are onboarding modules, Basic eGMP module, and Agile Academy modules.

In terms of adoption, 17% of the users (as of date) have logged in into the system since its launch in November 2023. This is a marked improvement from the average monthly utilization of 2.8% under the previous platform. The target for 2024 is to achieve a 40% adoption rate.

2024 is projected as a year of opportunities to further revitalize URLearning as an effective tool for self-paced development and growth. More E-learning contents will be created in order to support both in-house facilitated courses as well as external programs.

Opportunities & Management Approach

URC has continued to develop and give priority to the professional development and growth of its employees as evidenced by the varied programs and learning tools made available. It will always provide newer ways for effective education and training. For 2024, self-paced learning will be encouraged given the platform available; Agile@Scale will continue to be a differentiating way of working that will be continuously supported with its bootcamps, master classes, and academies for Product Owners, Chapter Leads and Coaches.

With the full integration of URLearning to Darwinbox, performance management will be directly linked to the learning platform which can feed training data into the assessment and at the same time, the specific training courses available that can complete the career planning process. Progress of IDP implementation will also be available and be readily viewed.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	39.7	%
Number of consultations conducted with employees concerning employee-related policies*	4	#

Note:
-The information covers the total number of URC regular employees
*Data cover Labor Management Council sessions of FLOUR

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
Impact: The management communicates with employee unions on employee governance and compensation, benefits and company policies and all other matters relevant to the bargaining unit. URC is also able to effectively gather employee concerns through its dialogue and partnership with the employees. **Stakeholder:** CBA covered Employees, Labor Union, Management, Government **Risks:** If labor unions and URC do not reach an agreement, labor unrest may happen, disrupting the company's operations and overall productivity. Issues that remain unaddressed may cause employee dissatisfaction and could ultimately result in Department of Labor and Employment (DOLE) exposures and National Labor Relations Commission (NLRC) cases.

Management Approach for Impacts and Risks
URC proactively and continually listens to employee concerns during negotiations in order to reach practicable agreements. In 2023, there were 10 collective bargaining agreements signed with labor unions and 4 ongoing negotiations: BCFG PH • URC Consolidated Workers' Union - BCFG Rank and File Employees Union Chapter • Universal Robina Corporation -Pampanga Plant B Employees Independent Union • Cebu Industrial Management Corporation Employees Union - Workers' Solidarity Network - ongoing • Universal Robina Corporation Canlubang Plant Employees Union - Organized Labor Organization in Line Industries and Agriculture • Meat and Canning Division - New Employees and Workers United Labor Organization SURE

- La Carlota Distillery Congress of Independent Organizations (CIO) Rank & File Union
- URC - SURE Balayan Labor Union Chapter – National Congress of Unions in the Sugar Industry of the Philippines (NACUSIP)
- URC - SURE Balayan Supervisory Union Chapter – NACUSIP
- CIO - ALU URSUMCO Supervisors Unions
- NACUSIP - Universal Robina Corporation Sugar and Renewables Employees Union (NACUSIP - URC SURE EU)
- SONEDCO Supervisory Union – CIO – NACUSIP – ongoing negotiation
- URC Passi Employees Rank & File Union – Federation of Free Workers (FFW) – ongoing negotiation
- URC Passi Supervisors Union – FFW – ongoing negotiation

FLOUR

- Continental Milling Company Workers' Union (CMC WU)

Some activities conducted with the union in BCFG include Kapihan with Plant Manager, Union Salu-salo with Plant Mancom, Quarterly Catch-up session with Cluster Head, DOLE LMC National/Regional Convention, Annual Yearend Thanksgiving. For Flour, activities are Safety Riding for Motorcycle Riders, LMC meetings and the participation to CSR programs. For SURE, there are Management and Union meeting (Talakayan) at least once a month and there are also First Monday Flag ceremonies and General assembly meetings.

Opportunities & Management Approach

URC will continue to provide a platform to foster good levels of communication with its CBA covered employees through formal and informal meetings. URC will create a more systematic approach to address concerns raised by its CBA covered employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	32	%
% of male workers in the workforce	68	%
Number of employees from indigenous communities and/or Sector	currently not tracked	#

Note: Data covers the total number of URC regular employees

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
Impact: A diverse workforce is beneficial to the success of business. By gathering employees with different backgrounds, the company also creates a large pool of strengths, ideas, and perspectives that can provide better innovative solutions which can also cater to a wider range of market. **Stakeholder:** Employees **Risks:** Having a homogeneous group, instead of diverse workforce, will cause URC to miss opportunities to gain a competitive advantage over other companies.
Management Approach for Impact and Risks
URC believes in diversity and fairness, elements critical for women to be successful at work. Respect for women begets results from women. URC strictly hires based on competencies required of the position and does not discriminate on race, color, religion, sexual orientation, disabilities. URC adheres to its antidiscrimination policy. The company ensures that it observes fair labor practices while upholding equal opportunity and workforce diversity. HR is up-to-date on societal trends influencing the workforce demographic and is positioned to open discussions on complements to hiring based on competencies.
Opportunities & Management Approach
URC can provide reasonable, preferential hiring to the vulnerable sector, staying true to its commitment of empowering the organization through its People and Planet Friendly Culture initiatives.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2023	Units
Total Man-Hours[1]	74,086,688	Man-hours
No. of work-related injuries[2]	286	#
No. of work-related fatalities	3	#
No. of work-related ill-health	-	#
No. of safety drills	143	#
LTIFR	1.01	
AIFR	3.86	

Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines)

[1] *Total man-hours are the number of hours worked in the reporting period. These includes regular employees and third-party employees that are performing work in the workplace that is controlled by the organization*

[2] *Number of work-related injuries include First-Aid Treatment Injury (FTI), Medical Treatment Injury (MTI), and Lost-time*

Impact, Stakeholders and Risks
Impact: An effective EHS system promotes a healthy and safe working environment which increases workplace satisfaction and productivity among employees. Understanding the high-risk and labor-intensive nature of its domestic and international operations, workplace health and safety (WHS) is crucial to promote employee wellness, prevent work-related accidents, and maintain full compliance with regulatory requirements and industry standards. **Stakeholder:** Employees **Risks:** An ineffective health and safety system could potentially lead to injuries, put lives at risks, damage to properties, and lessen workforce productivity. Furthermore, failure to comply with health and safety standards could cause penalties from regulators and pose negative impacts on its employee retention and customer reputation.
Management Approach for Impact and Risks
Anchored to the values of Putting People First, the company ensures a safe and healthy environment for all the employees in its day-to day operations. Embedded in its Safety Policy, the company commits to a Safe Workplace for Everyone by: • Encouraging one another to proactively impart and participate in identifying, assessing and managing risks for the wellness of our people and achieve an accident-free work environment. • Supporting our people with their mental well-being, through changing the way we think and act about mental health in the workplace. • Considering Occupational Health and Safety and Environmental Protection in the design, management and operation of the company facilities to ensure the safety of our employees and other stakeholder affected by the company's activity. **Reinforce Safety:** The company protects its people from workplace hazards and promote their well-being through the implementation of URC's five (5) core occupational health and safety programs. 1. Juan Life Saving Rules (LSR) 2.0 To strengthen safety awareness through visual management, Juan Life Saving Rules or LSR was updated in 2021 and featured additional focus areas. These focus areas pertain to work permitting systems, management of hazardous chemicals, and machine safety. Dubbed as LSR 2.0, the revitalized set of Life Saving Rules was aligned to the current situation in URC's different plants. Each rule was aligned with global standards, local legislation, and company safety procedures to ensure the protection of the workforce in their regular field duties. 2. Behavior-Based Safety (BBS) 2.0 Through BBS observation and coaching, the program targets to effect behavioral change in the way workers look safety --that it should be a Way of Life 3. Quick Risk Prediction

This program aims to conduct pro-active and timely risk assessment for non-routine and unplanned activities and install the necessary control measures. This activity will prevent potential incidents resulting from unplanned machine troubleshooting' and repair.

4. Near Miss Reporting
   Near miss is sometimes referred to as "close call" or "near hit" and it signals a system weakness that if not corrected would lead to a significant consequence in the future. Through near miss reporting, deficiencies can be corrected thus preventing any accidents in the future.
5. Project TLC (Training, Leading, and Coaching)
   Another company initiative that provides various training for employees, empowering its EHS Leaders on operational control programs as well as equipping them with the requirements needed for the certification from PCOs, Safety Officers, and Radiation Protection Safety Officers. In Project TLC, the company conducted internal webinar trainings relevant to safety, such as confined space entry, material handling safety, work permitting systems, among others.

Reinforcing these core programs has been the company's strategy since 2022 and has been continuously implemented in 2023 to increase the level of awareness, promoting ownership, and improving accountability among employees. The program aims to address the safety issues encountered in the past year and slowly supports the building of a culture of safety excellence in the workplace.

Programs on increasing the level of Awareness:

- Safety Maps indicating the risks and hazards in the area were developed by the Process Owners that would also guide new hires on the hazards, risks and controls associated with their areas of assignment
- Project S4K (Salin ng Kaalaman sa Kaligtasan, Kalusugan at Kapaligiran) is a condensed version of training on Operation Control Programs (OCP) targeting managers and supervisors
- Project OWLS (OCP Webinar Learning Session) is focused on the conduct of refresher or learning sessions of OCPs based from critical accidents from the prior year
- Project LTSE (Life Training in Safety Excellence) is an OCP training workshop designed for startup safety and environment, health & safety system
- Project ICE (Information, Communication and Education) is a program designed to disseminate infographics or digests on selected topics of Environment, Health & Safety (EHS)

Programs on promoting Ownership:

- Ensured all sites have a dedicated EHS Officer to oversee and implement safety programs
- Reinforced Behavior-based Safety observation and Coaching to effect behavioral change in the way employees look safety --that it should be a Way of Life
- Implemented Basic Equipment Care (BEC) Red and Blue Tagging which is a method to correct unsafe wherein if the tag of an equipment is blue, it means that it can be fixed by an operator while if the tag is red, it should be fixed by maintenance. Examples of initiatives to correct unsafe conditions are installation of machine guarding, safety interlocks, and LOTOTO devices, and improvements in work environment measurement (WEM).

Programs on Strengthening Accountability

- Offenses Subject for Disciplinary action (OSDA) Implementing Rules and Regulation (IRR) is a program to establish the implementing guidelines for enforcement of Code of Discipline related to Safety Offenses Subject for Disciplinary action for all regular employees. It aims to contain simplified and more specific safety offenses
- Strengthening and enhancing partnership with Third Party Management Service providers to reinforce accountability on implementation of safety programs for third-party employees
- Safety Rewards and Recognitions

Some notable highlights in 2023 were the 100% completion of Safety Maps across 17 BCFG Plants, the conduct of 8 Training sessions for BBS and QRP to 170 AIC leaders and implementation of the guidelines for EHS Validation (OSDA IRR) across One URC.

Safety Recognition Program

The company established Sustainability Awards to recognize the triumphs of individuals, facilities, and plants in their pursuit of sustainability excellence and their contributions in driving URC towards our ambition of becoming a Sustainable Global Enterprise, specifically in the aspects of Quality, Efficient Resource Management, and Safety, Health, and Well-being.

For safety, the facility and its safety officer that had achieved an exemplary performance is awarded with LIFE Excellence in Safety. The company also recognizes best in class facilities in Leadership and People Engagement, Information, Education and Communication, Facilities and Infrastructure Safety Improvement, and Effective Safety Processes and Systems. In 2023, the winners for the LIFE Excellence Awards and its categories were:

LIFE Excellence in Safety Award: FLOUR Davao

Category Awards

Best in Leadership and People Engagement: FLOUR Davao
Best in Information, Education and Communication: Thailand Plants 4-5
Best in Facilities and Infrastructure Safety Improvement: La Carlota Sugar Mill
Best in Effective Safety Processes and Systems: Thailand Plants 4-5

Through these programs, the company observed the decrease in the total number of incidents in the workplace from 321 in 2022 to 286 in the current year, wherein 22 plants have zero LTI record.

These programs also contribute to the UN SDGs 3 and 8.

Opportunities & Management Approach
URC seeks to improve its integrated EHS management system focusing on leadership and culture, infrastructure improvement, systems harmonization and capability building. The company will continuously implement Reinforce Safety, BBS and QRP, Compliance of safety permits and licenses, standardization of Occupational Controls Programs, and driving recognition thru LIFE Awards. URC will continuously promote the establishment of the EHS Committee, implementation of the EHS Policy and strengthening contractor management and partnership. The company has an opportunity to transition from person-based safety to process safety.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	Compliance with labor laws is incorporated by reference in Code of Discipline
Child labor	Y	
Human Rights	Y	• Policy on Sexual Harassment • Policy on Health, Safety and Welfare • Corporate Environment, Health and Safety Policy • Drug-Free Workplace Policy • Workplace Policy on Prevention Control of HIV and AIDS, Hepatitis B and Tuberculosis • Special Benefits for Women/Magna Carta for Women • Solo-Parent Leave Policy • Whistleblowing Policy • Data Privacy Policy

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
Impact: URC respects and follows labor and human rights regulations in the workplace as stipulated by law. Non-compliance or violation of these rights will affect overall sustainability, impact URC productivity, employee retention, and employee engagement. **Stakeholder:** Employees, Management, Government **Risks:** Violation of the rights of the employees will put URC at risk of being penalized, and increase employee turnover

Management Approach for Impact and Risks
URC duly follows the Labor Code of the Philippines and enforces internal policies and the guidelines with respect to labor unions. These policies include the Code of Discipline, and other guidelines on confidentiality, corporate governance, information technology (IT) security, non-competition, special leave benefits for women (per Republic Act No. 9710, or the Magna Carta of Women), sexual harassment (per Republic Act. No. 7877), and maintaining a drug-free workplace (per Republic Act No. 9165).
Opportunities & Management Approach
URC will continue to adhere to highest ethical and lawful conduct in the way it handles its employees.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
We follow the Supplier Accreditation Policy of JG Summit Holdings Inc. (See Annex 3)

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	Procurement employees are trained on Responsible Sourcing to ensure compliance with the Company's Policies as well as government rules and regulations.
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

Impact, Stakeholders, & Management Approach
Impact: As a food and beverage manufacturer, supply chain management is part of the company's materiality. The impact of supply chain management affects the entire operations and also its corporate reputation. The company recognizes the effect towards its ESG status if the practice involves child labor, unfair practice in employment, forced labor, corruption, and negative environmental impacts such as deforestation. **Stakeholders:** Smallholder farmers, traders, direct suppliers, shareholders and employees URC works with suppliers that have a strong commitment to sustainability and leverage regional procurement as it continues to improve its overall supplier management. For the past three years, the company has promoted and built the foundation of sustainable agriculture for its stakeholders: Integrated in its Environment policy, the company commits to: • Build a portfolio of responsibly sourced materials and services that is compliant to health and safety, social, environmental and business integrity requirements.

Supplier Accreditation Policy and Process
URC oversees its procurement and sourcing processes, encompassing supplier accreditation, requirement identification, sourcing, contracting, and order fulfillment. This comprehensive approach ensures that the company consistently meets the needs of its stakeholders by engaging accredited suppliers, securing products at the right time, in the appropriate quality and quantity, and at the most competitive prices.

Specific to food processing sector, URC emphasizes the importance on traceability for raw materials and production inputs. This commitment serves to uphold stringent food safety standards, reflecting the company's dedication to delivering products of the highest quality. Prioritizing proper procurement practices is integral to URC's strategy, preventing any lapses in achieving targets and objectives.

To uphold these standards, URC adheres to its Supplier Accreditation Policy, detailed in Annex 3. This policy ensures that suppliers and contractors align with the company's stringent criteria for supply agreements. Suppliers and contractors undergo a meticulous accreditation process and receive orientation on URC's policies.

URC follows group-wide policies on managing procurement, which is implemented through the Business Supplier Accreditation Team (BUSAT), supervised by each Business Unit’s Procurement team.

Supplier Code of Conduct
URC established a set of standards to enable the company to pursue long-term business relationships with its partners based on responsible practices, transparency, and trust. The Supplier Code of conduct which contains requirements on Business Integrity, Social, and Environment was communicated to all suppliers of URC for compliance. If non-compliance is raised and validated, suppliers are expected to resolve the issues and take necessary corrective actions promptly. Failure of suppliers to implement the recommended corrective actions in a timely manner, gives URC the right to suspend or
terminate business relationship until the corrective actions have been executed.

Food Safety and Quality Management Systems across the Value Chain
URC’s passion for quality is anchored on the vision of providing its customers with brands of exceptional quality and value. Good manufacturing practices are strictly implemented in its facilities and Quality at the source is heavily promoted, starting with supplier partners.
Supplier Audits were conducted based on supplier risk assessment and supplier prioritization criteria to ensure the quality of goods and services supplied to the company.

Sustainable Procurement
To promote responsible sourcing of raw and packaging materials, demonstrate environmental stewardship, and enable sustainable development of communities where the company operates, the company launched the Sustainable Procurement program to revolutionize and lead the transformation towards the sustainable supply chain through the integration of 7 core subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues and community involvement in developing a holistic procurement and sourcing

strategy.

Responsible sourcing: The company procured and used 44% RSPO-certified palm oil in its operations in 2023, to ensure that highest standards and industry practices in sourcing of palm oil and its derivatives are in place. Also, 100% of the company's chipping potatoes were sourced from GAP-certified suppliers. The AIG business unit has been continuously using soybeans with the sustainable US Soy Seal, which received recognition from the US Soybean Export Council as the first company to use this in Southeast Asia in the previous year.

Sustainable farming: The company continuously helps the local farmers increase their yield and scale-up productivity by providing high quality table potato seeds as farm inputs to selected potato farming communities in Benguet, Bukidnon, and Davao del Sur through Sustainable Potato Program.

Project Salig was also continuously implemented supporting the sugar cane farmers in Negros, and Batangas, in partnership with the local government. Further details regarding is discussed under Relationship with Community section.

Supplier Engagement Forum: Last November 10, 2023, the company conducted another virtual Forum attended by more than 180 suppliers. The key highlight of the program was the webinar on GHG Emissions provided by the external expert from Carbon Trust, emphasizing the importance of starting with carbon footprint measurement to know where the highest carbon impact is and where to prioritize the decarbonization efforts and to balance effort with value on data collection and footprint calculation, and prioritize areas where emissions are more material. The important documents for submission, supplier code of conduct and supplier disclosure questionnaires were also reiterated during the program.

Supplier Management Program
To build a stronger supplier network by establishing a robust supplier management process in succeeding to become preferred business partner through managing a growing supplier base effectively, supplier performance evaluations, leveraging supplier relationship management, assessing, and mitigating supplier risk.

Supplier Awards
URC held its inaugural Global Supplier Excellence Awards on April 14, 2023, recognizing outstanding supplier performance and contributions to the company's success. The event aims to enable suppliers to commit to continuously improve and be sustainable, recognized the exemplary performance of the organization's suppliers and acknowledged those who made a difference and undoubtedly contributed to the success of URC in delighting everyone with good food choices. As a crucial component of the awards event, URC launched the UR Partner – Global Supplier Excellence Program last 2022, composed of Global Procurement, Quality Assurance, Planning and Sustainability teams. The program is anchored by 4 pillars, namely: Supplier Optimization, Supplier Performance Management, Sustainable Procurement and Risk Management & Supplier Engagement.

The event kick-started with a welcome message from the Head of the Gokongwei Group, Lance Y. Gokongwei, who shared a look at supplier partnerships throughout the years. The highlight was the awarding ceremony in six award categories such as UR Partner Collaboration, Quality

Excellence, and Supplier of the Year. Over 35 awardees were acknowledged for excellence in quality, reliability, collaboration, sustainability, efficiency, and customer service. David J. Lim and Irwin C. Lee expressed gratitude for the essential contributions of suppliers in supporting URC's success and highlighted the importance of cultural collaboration for future growth.
URC's supplier recognition programs demonstrate the company's endless commitment to improving and acknowledging efforts and contributions that strengthen and set up the company for success.

Risks, Opportunities, and Management Approach
Risks: Reputation Risks, Regulatory Risks, Supply Chain Risks, Market Risks, and Governance Risks URC commits to the highest standards of legal, environmental, ethical and social responsibility. The company commits to promote responsible sourcing of raw and packaging materials, demonstrate environmental stewardship and enable sustainable development of communities where the company operates. The company aims to create and contribute shared success with its stakeholders. Towards this goal, the approach will be a collaboration with suppliers to continuously improve its sourcing activities. By 2030, the company's vision is to 100% responsibly-sourced key ingredients such as palm oil and chipping potato and 50% responsibly-sourced for coffee beans and cocoa. URC will transform towards a sustainable value chain through sustainable raw materials, sustainable supply chain, sustainable farming and climate protection programs. The company integrates responsible sourcing into the corporate sourcing strategy, business practices and Supplier Code of Conduct and leverage other sourcing functions to drive responsible sourcing practices. It will conduct formal risk and materiality assessment to identify and prioritize risks and impacts in the supply chains. The company aims to positively contributes to the UN SDGs 8, 9, & 11 through the programs and activities mentioned above.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant impact on local communities: AIG Kabalikat Program
URC's Agro-Industrial Group (AIG), consolidated under Robina Agri Partners (RAP), initiated the Kabalikat Program in a bid to transform the lives of people in the host communities. The program leverages on AIG's expertise in farming operations to teach locals proper hog raising and other farming practices. It is part of URC's thrust to promote training, lifelong learning, and livelihood opportunities.

Operations with significant impact on local communities: AIG Kabalikat Program
AIG's Kabalikat Program, which started in June 2014 with the Uno+ Kabalikat Farms (Kfarms), provides farmers, especially hog raisers, knowledge on the latest farming technology and management practices. The program hinges on the principles of being a "kabalikat" (partner), both to consumers through the promise of "kalidad" (quality), and to partner farmers through "kita" (profit). Through the Kabalikat Program, the company demonstrates that AIG is not just an ordinary supplier of quality feeds and veterinary medicine, it is also a "kabalikat sa pag-unlad" (partner in progress). Managed by the Marketing Team of AIG, the program was initially conceptualized as a brand-building program which, through community engagement, created positive learning experiences for the farmers and their local communities. Through their testimonials, the company's partner farmers themselves became AIG's brand ambassadors. The company also teaches its partner farmers bio-security systems so that they can protect their animals against diseases or harmful biological agents; this, in turn, also ensures that their meat products are clean and safe for human consumption. Knowledge transfer is done through lectures and discussions with AIG personnel and through hands-on training and on-site practice in AIG farms. AIG technicians also conduct weekly monitoring to ensure the continuous learning of the company's partner farmers, and to also motivate them to implement the best practices they just learned. Since 2022, amidst persisting threats on biosecurity affecting the hogs and poultry industry, AIG heightened its Kabalikat services to partner farms, raisers and end-users through its latest **Protect Kabalikat program** – a specialized technical initiative latched on biosecurity drive, matched with various customer engagement and technical support programs. A pioneering team led by veterinarians called the Kabalikat Protect Team was also developed to concretize AIG's expertise in customer-oriented technical services. The creation of Protect Kabalikat as well as the establishment of its team of veterinarians have ensured that AIG proactively supports the needs of customers and urgently provides technical assistance to the partners all over the country. Nationwide Protect Kabalikat efforts were rolled out, offering technical expertise including free consultation services, as well as Protect Kabalikat e-learning series sharing of skills and knowledge in health, sanitation and overall biosecurity measures. Specialized services were tailor-fitted to specific areas based on their ASF and AI zoning requirements, with rendered assistance such as biosecurity audit, disinfection drive, free vaccination and deworming administration, plus round table seminars to end-users and raisers. The impact of Kabalikat Protect has ensured the continuous viability of AIG's initial Kabalikat Farm program which currently stands at 362 hog Kfarms, 282 Gamefowl Kfarms, and 252 K-kennels nationwide in 2023. With these continuous support towards biosecurity knowledge and measures, assistance in repopulation, and heightened customer-oriented technical services provided to partner farms, kennels, raisers and end-users nationwide, AIG was able to concretize being the pioneering Kabalikat to all agri-partners and stakeholders.

Operations with significant impact on local communities: AIG Kabalikat Program
This program positively contributes to the UN SDGs 4,8,9 and 11. **Location:** Nationwide **Vulnerable groups:** Hog Raisers and farmers **Impact on Indigenous peoples:** No particular negative impacts to indigenous groups **Community rights and concerns of communities:** The program leverages on AIG's expertise in farming operations to teach locals proper hog raising and other farming practices. It is part of URC's thrust to promote training, lifelong learning, and livelihood opportunities. **Mitigating Measures:** The program and its execution have no significant negative impact; hence, requires no mitigating measures.

Operations with significant impact on local communities: SURE Project Salig
Project Salig is a program of URC SURE that started in 2019 with the aim to develop partnership with sugarcane planters in districts where URC sugar mills operate. "Salig" is a Visayan word for "trust"; hence, the program aims to create partnership based on trust. In order to gain the trust of planters and make URC sugar mills their "mill of choice", the mill endeavors to address major areas of concern for the planters – sugar recovery (LKgTC) and farm yield (tons cane per hectare), turn-around of hauling trucks during the milling season and customer service provision. Project Salig is composed of the following programs: 1. Planter Partnership – entering into a partnership with sugarcane planters. Under this program, the mill will assist planters to improve the overall sugarcane farming practices so that the end result is an improved farm productivity and income. The program includes educating planters on correct farming practices, use of high yielding sugarcane varieties, access to farming resources that includes farm equipment, hauling logistics, fertilizer, etc. In return, the planter commits to support URC by delivering his canes to the mill. 2. Customer-Centric Culture – planters were, in the past, considered as suppliers of canes only; hence, the mindset is to treat planters the way the company treats all suppliers. The program aims to redirect the mindset towards a culture of partnership where the planters are considered partners in the industry. 3. Plant Efficiency and Sugar Recovery – one of the measures of a good sugar miller is the high LKgTC or the high sugar recovery of the mill which planters will likely patronize. The program is about improving plant efficiency and recovery by undergoing good off-season repair of the equipment and machinery, and investing on equipment that will deliver high performance. This will lead to the production of high-quality products that can command good price. 4. Truck Turn-around – faster turn-around means more canes delivered to the mill, faster harvesting, lower cost in transporting canes, and high utilization of cane hauling trucks. Slow turn-around is caused by a lot of factors such as mill breakdown/stoppages and slow milling rate. The program looks into ways and means of improving turn-around of trucks during the milling season by ensuring good off-season repair, eliminating inefficiencies in the system of receiving and accepting cane deliveries, and increasing milling rate by installing new equipment.

Operations with significant impact on local communities: SURE Project Salig
5. One Stop Shop (OSS) – this program is designed to create a hassle-free, friendly, value-adding system when planters transact with the mill. One of the notable initiatives under Project Salig involved the repurposing of spent wash from a distillery plant as a liquid fertilizer for sugarcane fields through the implementation of furrow irrigation. A tanker was used to haul the spent wash from the storage lagoon to the field and was evenly distributed in the furrow with the use of pipes or flat hose. In the year 2023, a substantial volume of 456,000 cubic meters of spent wash was effectively delivered, contributing to the fertilization of over 37.1% of the expansive 8,000 hectares of sugarcane farmland. The quality of the fertilizer was tested to ensure its effectiveness. The sugarcanes harvested from these farms were subsequently transported to our sugarcane mills, completing a sustainable and circular business model. All of the above leads to one thing – making URC mills the mill of choice of planters. **Location:** The project was implemented in all URC sugar mills across the country – Negros Occidental, Negros Oriental, Iloilo, Batangas and Cagayan Valley **Vulnerable groups:** local small/marginal sugarcane farmers, especially the agrarian reform beneficiaries **Impact on Indigenous peoples:** No particular negative impacts to indigenous groups **Community rights and concerns of communities:** The project provides technical and, at times, financial assistance to sugarcane planters to improve their farm productivity, increase sugar recovery, and enhanced customer service. This delivers a long-term impact to the lives of the sugarcane farmers. By partnering with the mill, the planter will have access to various assistance programs such as technical seminars on good farming, access to high yielding variety sugarcane, farm equipment and hauling services, and financial loans. **Mitigating Measures:** The program and its execution have no significant negative impact; hence, requires no mitigating measures.

Operations with significant impact on local communities: Flour Flourish Pilipinas

Since 2017, Universal Robina Corporation, through its Flour Division, has empowered aspiring bakers through Flourish Pilipinas, a learning program that aims to foster a nation of baker-entrepreneurs. From educational initiatives and workshops to baking competitions, the program has continuously evolved to recognize, hone, and support the skills, talent, and passion of baker hopefuls.

In its 2023 edition, dubbed Bida Sa Masa, the program focused on equipping community bakers with technical and entrepreneurial skills to turn their passion for baking into a business. The competition held legs in Pasig, Davao, and Sariaya, culminating in a championship round.
Four rounds tested the competitors:

- Phase 1 saw contestants competing in an advanced baking workshop.
- Phase 2 had them pitching business plans to a panel of judges.
- Phase 3 put them in a baking and business plan competition that identified the regional winners.
- Phase 4 brought together Phase 3's champions from the Pasig, Sariaya, and Davao legs. They competed in this final round, which retained the same mechanics as Phase 3.

Prizes at stake were startup capital for a business, baking tools and equipment, ingredients and consumables, plaques, and URC Flour products.

In an interview with the champions, the three shared that their experiences in the 2023 URC Flourish Pilipinas: Bida Sa Masa instilled in them invaluable lessons not just in baking but also in business.

Beyond imparting technical lessons, Bida Sa Masa also offered the champions an opportunity to change their lives.

Months have passed since they won Bida Sa Masa, and all three champions have been busy applying their newfound skills and confidence to putting up their dream businesses.

The company contributes to the UN SDGs 8,9 and 11 through this activity.

Location: Baker John Academy

Vulnerable groups: Bakers

Impact on Indigenous peoples: No particular negative impacts to indigenous groups.

Operations with significant impact on local communities: Flour Flourish Pilipinas
Community rights and concerns of communities: The competition supports the country's baking industry and enhance the skills of bakers and future bakers. **Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

Operations with significant impact on local communities: Sustainable Potato Farming
Under the second phase of its Sustainable Potato Program, URC distributed some 135 tons of potato seed tubers to help hundreds of farmers in Benguet and Mountain Province to realize better harvest yields and improve their income. The first batch, composed of 108 tons of tubers, was distributed to 268 farmers, while the second batch, totaling 27 tons, benefited another 67 farmers. All 335 farmers are members of the United Potato Producers of Benguet and Mountain Province, Inc. The seedlings are expected to yield 1,350 tons of potatoes in four months, and up to 12,000 tons in 12 months or four planting cycles, according to URC. Since the program's inception in 2019, the organization has received over 333 tons of potato seedlings, estimated to be worth Php 20 million. URC and DA representatives also visited various barangays in Davao Del Sur and Bukidnon to distribute 27 metric tons of granola table potatoes to over 200 farmer beneficiaries. A collaborative effort with the Department of Agriculture and the Bureau of Plant Industry, the Sustainable Potato Program aims to help potato farmers increase their yields, stabilize prices of highland vegetables, and help the national potato industry. **Location:** Benguet, Mt. Province, Bukidnon and Davao del Sur **Vulnerable groups:** local small-scale farmers **Impact on Indigenous peoples:** No particular negative impacts to indigenous groups

Community rights and concerns of communities: The program allows the stakeholders to exercise their rights to have access to a means of livelihood. It delivers long-term impact to the lives of the local Potato farmers in different regions and helped the national potato industry. The Program put into action the Conglomerate's mission of "making the Filipino lives better". **Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

Customer/Consumer Management
Customer/Consumer Satisfaction

Disclosure	**Score**	**Did a third party conduct the customer satisfaction study (Y/N)?**
Customer Satisfaction	The company participated in the Advantage Report, which shows the performance of suppliers as evaluated by retailers. URC BCF Philippines is among the top 5 evaluated suppliers in 2023.	Y

Note: URC defines its customers as the trade (key accounts & distributors)

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
Impact to stakeholders: Customer management program is fundamental to URC as it shows the ability of the company to deliver delight to customers despite enduring changes. With this program, process improvement initiatives are driven leading to an enhanced internal and end-consumer experience, improved top-line and bottom-line results. **Customers:** URC's customer management program continuously aims to satisfy its customers by enabling direct interactions - understanding customer profiles, their businesses, shopper needs and satisfaction. This program empowers the organization, leveraging on positive customer experiences based on relevant and real-time information that is useful and beneficial to the business. **Sales Volume:** Sales volumes will be affected if trade partners and consumers will cease to patronize URC products should there be any negative or sub-par perceptions on quality, food safety and servicing capabilities. **Brand reputation:** Brand reputation is more vulnerable due to the ease of posting on social media and using it as a public platform to provide feedback on any brand/product. With URC's vast footprint in the region, any negative perception shall impact not only in a certain country, but across the ASEAN region as well.

Impact and Risks: Where they occur, URC’s involvement, stakeholders affected
Value Chain Impact: **Direct Operations:** The way the company manufactures its products impacts its food safety and quality standards. It will continue to reinforce the quality and food safety controls that are already in place. **Suppliers:** The input materials that the company uses from its suppliers will be questioned. URC will continue to partner with its suppliers to ensure that standards are upheld all the time. **Risks:** • The possibility of increased product complaints due to unsatisfied consumers impacting lower product patronage • The possibility of lower product patronage coming from consumer preference for the original product versus the reformulated product to meet the set wellness criteria
Management Approach for Impact and Risks
Customer Satisfaction Survey: URC’s sales team performs a regular customer satisfaction survey with its key accounts in the modern trade channel. In addition, the company participated in the Advantage Report in the Philippines and has been part of the top 5 best suppliers evaluated in the last 3 years. The report is useful in tracking how the company fares in certain metrics, identifying opportunities to improve, leading to better engagement and collaboration. **Customer Management:** URC’s well-established distribution network and relationships with its accounts ensure that products reach the consumers promptly. The company aims to be a partner of choice for its customers through offering a broad portfolio of products reaching multiple price points, in addition to providing best in class service levels. The company’s distribution channels are grouped between modern trade, traditional trade and digital commerce. Note that this classification may vary in emerging, frontier, and developed markets. Modern trade channels are composed of nationwide chains of convenience stores, supermarkets, modern wholesalers, and some drug stores where the company engages in account management through their national headquarters. It distributes in two ways: (1) directly to the accounts’ consolidated warehouses where it will be distributed internally to the accounts’ respective channels or outlets and (2) directly serve straight to their outlets. In traditional trade, the company works with regional distributors who distribute to channels like sari-sari stores (mom and pop stores), market stalls, and smaller chains of mini-marts, groceries and big local supermarkets. The company strategically hand-picks its distributors, ensuring that each has significant coverage and expertise for a seamless flow of goods to trade and to the consumers.

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
Innovation and Consumer Insighting: The company believes that customer focus and continuous product innovation play a crucial role in the future of the business. Consumers today are evolving and are more discerning with the emergence of new global trends in snacking and drinking. The competitive dynamics have also changed, with both global and domestic players offering a wide range of choices across different product categories and channels. This requires the company to be more proactive and customer-focused on gaining insights that will, in turn, feed into its innovation portfolio management process.
Opportunities & Management Approach
Joint business planning with customers (distributors and accounts) **Customer Management:** The company is closely working with its distributors and key account partners through joint business planning and regular collaboration to ensure customer satisfaction. URC's planning involves initiatives for the partners to further grow their businesses and continuously get feedback from them to explore opportunities for programs and product innovation aligned with UN SDGs 8 and 9.

Product Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety	0	#
No. of complaints addressed	0	#

Note:
- Information includes data from BCF-PH only

Impact, Stakeholders and Risks
Impact: As a food and beverage manufacturer, our vision is to provide brands of exceptional quality and value to our consumers. URC is committed to uphold the quality and food safety of the products to ensure that it will not be compromised. The entire business will be adversely affected should there be a valid quality and food safety concern. **Stakeholders: Customers/consumers** **Risks:** The company may be exposed to reputation risks. Given the role of social media in people's lives, URC cannot control posts and online feedback about the products. URC makes sure that complaints are attended to promptly and any dissatisfaction issues are addressed immediately.

Management Approach for Impact and Risks

Quality and Food Safety Policy

URC commits to provide products that are safe and with exceptional quality and value, to delight its customers and consumers by

- Providing products that consistently conform to quality specification and food safety requirements,
- Meeting or exceeding our mutually-agreed customers, consumers, and our other stakeholders' expectations,
- Complying with applicable statutory and regulatory requirements,
- Building capability, and providing training, tools and resources to employees to ensure competence in food safety
- Cultivating a positive food safety and quality culture with effective communication, training, employee feedback and engagement, and performance measurement.

The company did not face any substantiated product recalls due to product safety issues in 2023. As a company, URC aligns with DTI rules regarding product recalls. The company is continuously upgrading its Quality and Food Safety Standards based on updated global guidelines. URC has an internal measure, Process Conformance Index, that ensures product quality is within the expectations of consumers.

URC ensures that 100% of its products conform to standards and quality measures as prescribed by regulators, including the Philippine Food and Drug Administration (FDA), Department of Health (DOH), among others. As a company, URC adheres closely to the Philippine Food Safety Act (Republic Act or R.A. 10611) which protects consumer health and safety. Regulatory compliance encompasses product registration, sale, inspection, labeling, and marketing.

Across the operations, 100% of product categories undergo a stringent quality assurance process. Equipped with efficient systems and an empowered team, URC follows its Quality and Food Safety Plan at each stage of production to deliver good quality products.

End-consumer management: The company's customer relations policy and procedures ensure that consumers' welfare is protected and concerns are well-addressed. URC has a customer care group dedicated to communicate directly with consumers, and a sales account management team dedicated to respond to the needs and concerns of accounts.

URC has its guidelines and procedures on how to attend and address all types of complaints received from calls, e-mails, social media, and even walk-in complainants. The company makes sure that guidelines are aligned with the Consumer Act of the Philippines. Once a complaint is received, Quality Assurance is immediately notified and an investigation is triggered. The Refiller Management Services team is also notified about complaints that were due to possible deviations in product handling and display guidelines.

Any expression of dissatisfaction is taken, whether valid or not, as an opportunity for the company to further enhance its existing controls.

Food Safety and Quality Management:

The company is committed to uphold the highest standards of Food Safety and Quality across all aspects of its operations, in alignment with the latest global standards and the company's internal policies and procedures. To support this commitment, URC is consistently strengthening its current initiatives, including the One GMP (Good Manufacturing Practices) and URCORe Integrated Food Safety and Quality Management Systems. URCORE is the establishment of Management Systems Certification and Business Continuity readiness thru standards governance, documentations support and one-go-to platform for Operational Requirement references across URC operations.

The Quality Assurance team has evolved its systems through:
Designing and executing a risk-based internal audit program for the manufacturing and supply chain facilities aimed at ensuring compliance and driving continuous improvement
Developing training programs designed to elevate the capability of the plant internal auditors to detect systemic issues and improve the effectiveness of their management systems

Quality Recognition Programs
Part of the Sustainability Awards is the PEARL Excellence Award which is awarded to facility/plant and QA Head that embraces a Quality Culture which resulted in achieving exemplary performance for Quality and Food Safety. Category awards were also given to facilities with exemplary performance in Product Quality and Food Safety, Engaged Quality Practitioners, Actions to improve Infrastructures, Retained Certifications and Laboratory Management.

PEARL Excellence in Quality Award

Thailand Plants 1-3

Category Awards
Brand Quality Seal Award: Vietnam – Hanoi Plant
Globe Excellence Award: San Pedro 2 Plant
Quality Lens Award: Vietnam – Plant 2
Flask Award: Thailand Plants 1-3

Opportunities & Management Approach

URC actively explores opportunities to foster customer relationships and stakeholder engagements to ensure that their evolving needs are met. This is in line with the company's commitment to enhance product portfolio by continuously offering high-quality, healthy and nutritious options to consumers. In addition, URC aims to achieve 100% sustained Food Safety and Quality Certifications. The company is continually elevating Quality and Food Safety Standards by:

a. Aligning with the best practices in the industry and being certified to globally recognized Food Safety schemes such as FSSC 22000
b. Leveraging on digitalization and customer care initiatives to enhance overall customer and consumer experiences.

Management Approach:

Innovation and Consumer Insighting: URC started a new approach with the Innovation Process Management, covering product developments from ideation to execution. The risk assessment and mitigations associated with quality, regulatory, safety, intellectual property, etc. are covered by this process.

End-consumer Management: URC benchmarks best in class end-to-end customer experience management capitalizing on the use of data and digital channels.

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling	0	#
No. of complaints addressed	0	#

Note: - Data from BCF-PH only

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
Impact: Proper labelling is both a regulatory mandate and a responsibility to the company's consumers. The company has to be transparent with its product label declarations. **Risk:** Regulatory mandated product recalls and grievances from consumers may lead to risks in brand and product reputation.
Management Approach for Impact and Risks
The company adheres closely to the Philippine Food Safety Act (Republic Act or R.A. 10611) which protects consumer health and safety. Regulatory compliance encompasses product registration, sale, inspection, labeling, and marketing. URC ensures full compliance with regulatory labeling and product information requirements, implementing the necessary analysis for nutritional facts and claims.

Opportunities & Management Approach
The company will continue to do benchmarking versus peers and best practices in terms of marketing and labelling of its products.

Customer/Consumer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	In URC, its customers are defined as key accounts and exclusive distributors. It will ensure that the account management process handles account/customer information with strict confidentiality. Therefore, this area is not applicable.	#
No. of complaints addressed		#
No. of customers, users and account holders whose information is used for secondary purposes		#

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
In URC, its customers are defined as key accounts and exclusive distributors. **Impact:** Customer information are confidential in both the key account customers in modern trade (ex. large grocery chains, convenience stores, modern wholesalers) and exclusive regional distributors in traditional trade. The company interfaces and manages its customer information through a key account manager in modern trade and a regional or area sales manager who manages each of its distributors in traditional trade. **Risk:** Breach in information which may result in distrust with key accounts or distributors.
Management Approach for Impact and Risks
The company collaborates closely with its customers, placing great value on its strong working relationships with them, treating them as strategic partners especially during the entire joint business planning process. URC handles account/customer information with strict confidentiality.
Opportunities & Management Approach
URC can leverage on digitalization wherein customer data is directly linked and accessible in the system ensuring more efficient data handling.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Impact and Risks: Where they occur, URC's involvement, stakeholders affected
Impact: As URC increasingly adopts digitalization to improve customer experience and increase efficiency in internal operations, there is greater need to invest in securing the network from cyberattacks. **Stakeholder:** Management, Employee, Customer/Consumer, Supplier/Business Partner **Risks:** Digitalization of URC transactions put the company at risk of data breaches, IT security issues and unauthorized access of company data. The loss of critical information assets can lead to a loss in the company's competitive advantage, customer confidence and reputation. This can significantly affect the overall status of the business.

Management Approach for Impact and Risks
Under the JGSHI umbrella, URC implements cyber-security capabilities to increase preventive measures to ensure the security and confidentiality of the company's data. To date, the Data Privacy Policy and Information Security (InfoSec) Policies applicable to the whole conglomerate are in place. The Company established the Information Security Management Systems (ISMS) Policies that institutionalized information security as part of the conglomerate's enterprise risk management, protect the Company's information assets and reputation, and comply with relevant laws and regulations.
Opportunities & Management Approach
The ISMS consists of the following: 1. **Core Information Security Policies** drive the primary objectives of the ISMS: establish, maintain, and improve information security 2. **Information Security Policy** aims to establish, maintain, and continuously improve the ISMS to protect information assets, maintaining competitive advantage and increasing stakeholders' confidence. 3. **Information Asset Management Policy** aims to define and classify information assets in both physical and electronic formats and provide guidance on how to appropriately handle information assets according to classification. 4. **Information Security Incident Management Policy** aims to mandate a structured approach in managing incidents that compromise corporate information and personal data of the business units' customers. 5. **Compliance Policy** aims to ensure that Business Units comply with applicable legal, regulatory requirements and contractual obligations, when conducting business activities. 6. **Organizational Policies** aim to establish Information Security organization, roles and responsibilities as well as accountability of those who have access to corporate information 7. **Information Security Internal Organization Policy** aims to establish the appropriate internal organization that ensure security of information assets 8. **Human Resource Security Policy** aims to protect the company's business interests by ensuring that employees and contractors understand and fulfill their roles and responsibilities to preserve information security before, during, and after employment 9. **Supplier Relations Policy** aims to mandate controls that protect information assets exposed to suppliers and preserve the integrity of supplier selection activities 10. **Access and Use Policies** enforce controls for access and authorization, as well as acceptable use of information assets 11. **Access Control Policy** aims to implement adequate measures to regulate access to different information assets and facilities, ensuring that facilities and equipment are only accessed by authorized personnel

12. **Acceptable Use of Assets Policy** aims to ensure that employees understand how corporate assets should and should not be used, ensuring that the business unit gets the most value out of its corporate assets and networks to avoid unintended security breaches
13. **Physical and Environmental Security Policy** aims to protect corporate assets and information by mandating controls that prevent unauthorized physical access to company premises, as well as equipment that support business operations
14. **Mobile Device and Teleworking Policy** aims to establish rules for the use, management and security of all mobile devices that process company information and establish rules for conducting official business outside the work premises
15. **Operational Security Policy** refers to the implementation of technical controls to maintain the target level of security
16. **Cryptographic Controls Policy** aims to apply cryptographic controls (i.e. encryption) on confidential electronic information (e.g. files, databases), to add another layer of protection and prevent unauthorized use or disclosure
17. **Operations Security Policy** aims to apply appropriate controls to ensure that day to day operations are carried out in a controlled and a secure manner
18. **Communications Security Policy** aims to implement measures that will protect information as it moves both within the corporate network and outward
19. **Data Security Policy** aims to implement measures to protect corporate information from possible loss and leakage, avoiding breaches to legal, statutory or contractual obligations
20. **Secure Development Policy** aims to protect corporate information and minimize breaches by ensuring that information security is taken into consideration when developing or acquiring systems and services

Regular and ad hoc exercises ensure the relevant teams practice cyber incident response and breach management procedures.

A 24/7 Security Operations Center was established in January 2020 to continuously monitor JGS' information assets including URC's and help protect the enterprise security baseline.

Corporate IT Audit conducts year-on-year assessments on JGS Information Security Office's programs and activities ensuring alignment to corporate policies, statutory and regulatory requirements and enterprise risk management.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDG

Key products and services and its contribution to sustainable development.

Key Products and Services
Branded Snack foods and Beverage
Societal Value/Contribution to UN SDG
For more than 65 years, URC has produced high-quality snack foods & beverages with exceptional value. Currently, its portfolio is driven by convenience, on-the-go, ready-to-eat, ready-to-drink, indulgence, and play. **Snack foods:** URC provided access to high quality and western snacks like real potato chips at a more competitive price. Today, Jack n Jill is a household brand that Filipinos continue to love. **Noodles:** The noodles business is a joint venture with Nissin of Japan, and it's currently the #1 cup noodles brand in the market. It provided the working-class meal substitute on-the go, especially workers and millennials in tier 1 cities. We also have noodles in pouches from its Payless brand, and we believe that addresses social issues in hunger, especially in times of calamities, emergencies, pandemic, and financial crisis. **Coffee:** URC revolutionized the coffee mix market when URC launched Great Taste White Coffee and shifted the market significantly from instant to coffee mixes. Today, the coffee mix category has become an integral part of Filipinos lives, especially to the working class, and white coffee is the most significant sub-segment. **Ready-to-drink Tea:** C2 has been thriving against sodas/carbonated beverages when it was introduced as an alternative to consumers, given that consumers have already started to shift towards better for you choices. C2 is made from real tea leaves that are brewed and bottle the same day. **Bottled Water:** The bottled water brand Refresh is tagged as one of the basic goods by DTI. Through refresh, URC provides an additional supply of clean drinking water on-the-go, which is essential in times of calamities and emergencies.
Impacts
Regulatory concerns towards wellness: As a food and beverage manufacturer, we believe that consumers are changing fast due to emerging trends brought by the growing middle-class population in the region. It was initially thought that the wellness criteria will be achieved 5 to 10 years from now, but it's already happening. As you can see in 2018, the government previously imposed an excise tax on a sweetened beverage while some schools started to ban snacks and some types of beverages that did not pass the nutrition standards of DepED.

Issues concerning Single-Use Packaging

Issues towards single-use plastics and ocean waste have been very visible in the last 2-3 years. The public has turned their eyes towards FMCG manufacturers as a source of the problem

Management Approach to Negative Impact

In 2021, the URC Wellness Criteria was revised to make it applicable for all countries we operate in. It was revised using the WHO guidelines and the nutritional/ health data of ASEAN population. The criteria also reflects the range of the categories we operate in; and in the context that our portfolio is a part of the overall diet of our consumers.

A. Criteria guiding Risk reduction

1. Threshold for Total Fat: No more than 30% of the total energy per serving and No more than 10% SaFa of the total energy (WHO 2016
2. Threshold for Sugar: Less than 6% Added Sugar in Beverages & ≤10% of Total Kcal per serving for other products (WHO SSB)
3. Threshold for Sodium: 1mg Sodium per Kcal per 100g product or per serving (WHO 2012/2016)
4. Zero Trans Fat & Zero Cholesterol
5. ≤ 230 calories per serving of snacks and beverages (WHO 2016)

B. Criteria guiding Enhanced Wellness

1. Products addressing micronutrient deficiency (Such as: Iron, Iodine, Zinc, Folate, Vitamin A and D as source) (CDC Micronutrient Facts 2021 / PAHO-WHO 2016 Nutrient Profiling)
2. Acceptable Macronutrient Distribution Range (AMDR) [Carbohydrate (55-70%), protein (10-15%) and fats (20-30%)] (National Academy of Science, FNB of the Institute of Medicine 2002/2004)
3. 100% Natural Ingredients (Recognizable ingredients, naturally sourced, minimally processed. Free from artificial flavors / artificial colors / artificial preservatives / or synthetic additives.)
4. 100% Plant based proteins
5. Products using functional quality ingredients to improve wellness (Such as Protein, Fiber, Bioactives as source)

The company has upgraded its target for wellness criteria to achieve 100% total products passing 3 wellness criteria by 2030. In 2023, the total URC Wellness Score using the updated criteria, indicated that 100% of total products passed 1 URC Wellness Criterion, 99% passed 2 URC Wellness Criteria, 86% passed 3 URC Wellness Criteria, and 36% passed 4 URC Wellness Criteria.

Furthermore, within the product portfolio, a significant number of products meet most of the Risk Reduction Criteria Thresholds. Specifically, 136 products, accounting for 14% out of 951 products, fall within the Threshold for Total Fat, 40% meet the criterion for Less than 6% Added Sugar in Beverages but less than 10% of total calories, 99% meet the criterion for <230 Calories per serving, 66% meet the criterion for 1mg Sodium per 1 Kcal Product, and 90% meet the criterion for 0 Trans Fat and 0 Cholesterol.

The company continues to innovate its products to offer consumers good food choices in the health and wellness space. For example, in the Snackfoods category, the company launched Nova Nacho Cheese and Nova Sweet Corn Flavor with real Malunggay leaves. It has also started using natural colors for its snack products. Additionally, over the past two years, the company expanded the shift to include bakery products, introducing items such as Wafrets Bar Choco Vanilla, Magic Chips Sour Cream and Onion, Magic Chips Cheese, Magic Chips BBQ, Magic Creams Butter, and Magic Flakes Sweet Buttermilk. Furthermore, the company enhanced B45 Coffee Mix with Malunggay by adding Vitamin C and Zinc, two micronutrients known to support the normal function of the immune system.

All these initiatives contribute to the UN SDG 2.

Annex 1

Old Wellness Criteria	
1	All Green & Yellow Rated Product per DepEd Order 13 s 2017
2	Less than 6% Added Sugar in Beverages
3	Existing Products where sodium is reduced by 25% or more
4	Products addressing micronutrient deficiency
5	Less than 100 calories pack
6	No PHO & SatFat less than 1.5g/serving & Zero TransFat & Zero Cholesterol
7	100% Natural
8	Clean Label
9	100% Plant-based proteins
10	Products using functional quality ingredients to improve wellness

Annex 2

Updated Wellness Criteria	
1	Threshold for Total Fat: No more than 30% of the total energy per serving and No more than 10% SaFa of the total energy (WHO 2016)
2	Threshold for Sugar: Less than 6% Added Sugar in Beverages & ≤10% of Total Kcal per serving for other products (WHO SSB 2012)
3	Threshold for Sodium : 1mg Sodium per Kcal per 100g product or per serving (WHO 2012/2016)
4	Zero TransFat & Zero Cholesterol
5	≤ 230 calories per serving of snacks and beverages (WHO 2016)
6	Products addressing micronutrient deficiency (Such as: Iron, Iodine, Zinc, Folate, Vitamin A and D as source) (CDC Micronutrient Facts 2021 / PAHO-WHO 2016 Nutrient Profiling)
7	Acceptable Macronutrient Distribution Range (AMDR) [Carbohydrate (55-70%), protein (10-20%) and fats (20-30% but SaFa is less than 10% of total energy)] (National Academy of Science, FNB of the Institute of Medicine 2002/2004)
8	100% Natural Ingredients (Recognizable ingredients, naturally sourced, minimally processed, free from artificial flavors, artificial colors, artificial preservatives, or synthetic additives regardless of source)
9	100% Plant-based proteins
10	Products using functional quality ingredients to improve wellness (Such as Protein, Fiber, Bioactives as source)

Annex 3

JG SUMMIT HOLDINGS, INC.	CHAPTER	PROCUREMENT
	SECTION	SUPPLIER MANAGEMENT
	SUBJECT	SUPPLIER ACCREDITATION IMPLEMENTING GUIDELINES

I. OBJECTIVES

1. To provide the implementing guidelines for the supplier accreditation in Corporate Center Units (CCU) and establish the roles of the appointed members of CCU Supplier Accreditation Team (SAT).

2. To implement the transfer of responsibilities of the Corporate Supplier Accreditation Team (Corp SAT) to the Corporate Center Units Accreditation Team (CCU SAT) in accordance with the approved policies on Supplier Accreditation per CORP – 5001.

3. To ensure compliance to the policy that the Company shall purchase only from duly accredited suppliers approved for accreditation by the appointed Business Unit (BU) or CCU Supplier Accreditation Team (SAT).

II. SCOPE

This document outlines the procedures to be followed by the authorized CCU personnel or group engaged in procurement and accreditation transactions.

III. RESPONSIBILITIES

Following are the responsibilities related to the Supplier Accreditation Implementing Guidelines:

1. **Strategic Procurement Group** shall be responsible for:

   1.1. Sourcing and pre-qualifying prospective Suppliers;

   1.2. Requesting duly completed Supplier Accreditation Application Form (SAAF) and corresponding supporting documents from the Supplier;

   1.3. Accomplishing the Proponent's portion of the SAAF and the Supplier Accreditation Rating Sheet;

   1.4. Endorsing the supplier accreditation application packages to the CCU SAT Coordinator; and

   1.5. Endorsing the newly accredited Suppliers to Aspen Central Data Management (CDM) Team for Vendor Code creation.

2. **Corporate Center Units Supplier Accreditation Team (CCU SAT)** shall be responsible for:

   2.1 Performing the final review and assessment to determine the approval or disapproval of the Supplier's accreditation; and

   2.2 Together with the Corporate Procurement Governance (CPG) Team, conducting investigation of endorsed cases that warrants suspension or debarment of a particular supplier.

3. **CCU SAT Coordinator** shall be responsible for:

   3.1. Performing initial review of the supplier accreditation application;

   3.2. Validating the submitted supplier documents, via available Government and Regulatory sites, as well as endorsing the same to CPG Team for validation through Dunn & Bradstreet;

   3.3. Endorsing the supplier accreditation application packages to the CCU SAT Members for review and disposition;

   3.4. Releasing the CCU SAT results and accreditation status;

   3.5. Maintaining the Vendor Master List; and

   3.6. Providing the same to the CPG Team on a monthly basis, for purpose of conglomerate-wide leveraging. Details shall include warranties, terms of payment and type of service.

4. **Corporate Procurement Governance Team** shall be responsible for:

   4.1. Validating the Supplier's data through Dunn & Bradstreet and providing information upon request of the CCU SAT Coordinator;

   4.2. Maintaining the central repository containing the conglomerate-wide Vendor Master List as well as the list of suspended/debarred Suppliers;

   4.3. Together with the CCU SATs, conducting investigation of endorsed cases that warrants suspension or debarment of a particular supplier.;

   4.4. Releasing of an Incident Memo in cases of a Supplier's suspension or debarment; and

IV. IMPLEMENTING GUIDELINES

1. The Company shall establish a CCU SAT, with at least three (3) members representing various identified CCU groups appointed by the JGSHI President and CEO, capable of assessing the supplier's overall competencies.

2. CCU SAT may invite Subject Matter Experts (e. g. Technology, Engineering Team), who shall provide technical advice and assistance in assessing the supplier.

11. Suppliers with a Regular Accreditation status from other BUs shall qualify to engage and provide the requirements of CCU, unless otherwise restricted or subject to additional requirements imposed by the other BU SAT.

12. Supplier Accreditation status shall be valid until revoked or suspended/debarred.

13. Investigation shall be conducted by the CCU SAT, with the assistance of the Corporate Procurement Governance (CPG) Team regarding the disposition of endorsed cases that warrants suspension or debarment of a particular supplier. This Joint Investigation Team shall coordinate with other BU SATs to inquire on the performance of the supplier under investigation.

14. CPG Team shall release an incident memo containing the background and the results of the investigation as well as the announcement of suspension/debarment. CPG Team shall consolidate all suspended/debarred Suppliers in a repository.

15. The decision on the Joint Investigation Team s shall be final and valid across all BUs within the Gokongwei Group of Companies.

16. CPG Team shall endorse suspended/debarred Suppliers to ABSI-CDM via Master Data Management Tool for blocking in the system.

17. Suppliers may request for reinstatement course through CCU SAT, if they have already satisfactorily resolved the cause of their suspension or debarment. CCU SAT shall inform CPG Team of such reinstatement.

UPSTREAM EVOLUTION

Universal Robina

ANNUAL
REPORT
2023